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**COMMISSIONERS**  
 JEFF HATCH-MILLER - Chairman  
 WILLIAM A. MUNDELL  
 MARC SPITZER  
 MIKE GLEASON  
 KRISTIN K. MAYES

ORIGINAL



BRIAN C. McNEIL  
 EXECUTIVE DIRECTOR

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## ARIZONA CORPORATION COMMISSION

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 E-mail: mneubert@azcc.gov

## MEMORANDUM

TO: Chairman Jeff Hatch-Miller  
 Commissioner William A. Mundell  
 Commissioner Marc Spitzer  
 Commissioner Mike Gleason  
 Commissioner Kristin K. Mayes

FROM: Matthew Neubert *Matthew Neubert*  
 Director of Securities

DATE: May 9, 2006

RE: Mark Alan Melkowski, Eagle Communications, Inc. and Eagle One Financial & Tax, LLC; Ronald Lee Goble, Southwest Trust & Financial; Roger Lancette, National Estate Service and Planning, and Senior Advisory Services; Gary L. Christian, Cornerstone Senior Planning; Hyland A. Stokes, Estate Planning Protection, Inc.; Wallace Butterworth, Butterworth Advisory Services and Senior Advisory Services; and William E. Bergh, National Financial Group and World Wide Business Opportunities, LLC;  
 Docket No. S-03396A-01-0000, S-03441A-01-0000 and S-03444A-01-0000;  
 Decision and Orders No. 64185, 64203, 64202, 64040, 64184, 64006 and 63851

cc: Brian C. McNeil, Executive Director

The Office of the Attorney General and the Securities Division are before you to recommend you enter an amended consent order to settle the respondents' World Cash and Mobile Cash obligations under previous Commission orders, to reaffirm respondents' Hotel Connect obligations, and to obtain a payment to be distributed to investors of \$2,146,787 minus statutory collection costs.

Attached is a proposed Amended consent order regarding the settlement of claims the state of Arizona has asserted against the respondents and against the proceeds of a settlement that the respondents entered into with Douglas Dunipace and Jennings, Strouss & Salmon, PLC,

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described fully below. The Amended Order to Cease and Desist, Amended Order of Restitution, Amended Order for Administrative Penalties and Consents to Same ("Amended Order"), has been fully executed by respondents: Mark Alan Melkowski and his companies, Eagle Communications, Inc. and Eagle One Financial & Tax, LLC; Ronald Lee Goble and his company Southwest Trust & Financial; Roger Lancette and his companies National Estate Service and Planning, and Senior Advisory Services; Gary L. Christian and his company Cornerstone Senior Planning; Hyland A. Stokes and his company Estate Planning Protection, Inc.; Wallace Butterworth and his companies Butterworth Advisory Services and Senior Advisory Services; and William E. Bergh and his companies National Financial Group and World Wide Business Opportunities, LLC ("Respondents").

During 2001, Respondents all consented to the entry of Decisions and Orders against them for violations of Arizona securities laws in connection with various business offerings known as World Cash, Mobile Cash and/or Hotel Connect.<sup>1</sup> The Orders imposed administrative penalties and restitution liabilities against Respondents for these violations of Arizona securities laws. The Orders were transcribed into the Superior Court of Arizona pursuant to A.R.S. § 44-2036(C) and were referred to the Attorney General's Office for collection.

Subsequent to transcription of those Orders, in 2002, Respondents filed suit, in Maricopa County Superior Court case CV2002-019945 (the "Lawsuit"), against Douglas Dunipace, Esq., Mrs. Dunipace, and Jennings, Strouss & Salmon, PLC (collectively "Jennings"), asserting claims of malpractice, negligent misrepresentation, and negligent supervision. Respondents' claims were based upon alleged erroneous legal advice given by Mr. Dunipace that the World Cash and Mobile Cash business offerings were not securities under the Securities Act and could be sold without registration. Respondents filed the Lawsuit as married men (with the exception of Respondent Butterworth, who filed as a single man). Respondents and Jennings agreed to fully resolve Respondents' claims in CV2002-019945 for payment of \$3.25 million dollars as is reflected in a formal Settlement Agreement and General Release ("Jennings Settlement"). The Commission and the Arizona Attorney General's Office are not parties to, nor bound by the terms of, the Jennings Settlement.

The Commission, pursuant to A.R.S. § 41-192, by and through its counsel, the Arizona Attorney General, negotiated a proposed settlement with Respondents for claims the State asserted against the proceeds of the Jennings Settlement. The terms of such settlement include:

1. Respondents agree to forego receipt of any monies from the Jennings Settlement.
2. Respondents agree to cause the proceeds of the Jennings Settlement to be disbursed as follows:

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<sup>1</sup> The Decisions and Orders affected by this proposed Amended Order are contained in Docket Numbers S-03396A-01-0000, S-03441A-01-0000 and S-03444A-01-0000, wherein these Respondents Consented to Entry of Orders Numbered 64185, 64203, 64202, 64040, 64184, 64006 and 63851 (the "Order" or "Orders").

- a. \$2,146,786.69 shall be paid to the state of Arizona as restitution in connection with the World Cash and Mobile Cash business offerings;
- b. \$30,713.31 shall be remitted to the state of Arizona to satisfy the Commission's Order number 63851; and
- c. \$1,072,500.00 shall be used exclusively to pay Respondents' attorneys for their share of the proceeds of the Jennings settlement, and to satisfy any claims that the bankruptcy estates of Respondents Bergh and Christian have to the proceeds of the Jennings Settlement.

This amended order will operate to eliminate Respondents' liabilities, including any alleged liabilities of their individual marital communities, to the state of Arizona with respect to the World Cash and Mobile Cash offerings that were previously set forth in the Commission's Decisions and Orders, and to also confirm the continuing liability of Respondents Melkowski, Goble, Lancette, Christian, Stokes and Butterworth for the penalties and restitution amounts previously consented to by these Respondents in connection with the Hotel Connect business offering under the Orders.

This Amended Order does not impair, improve or otherwise affect the respective positions of the State and Respondents with respect to the issues of: (a) any joint and several liability for the liabilities to the State as reflected in this Amended Order, and (b) any liability of the individual Respondents' marital communities for the liabilities to the State as reflected in this Amended Order.

The Office of the Attorney General and the Securities Division recommend that the Commission enter this Amended Order because it serves the interests of the state of Arizona and the investors who were harmed by the conduct of the Respondents. The state will obtain a lump sum payment of \$2,177,500. After statutory collection costs pursuant to A.R.S. § 41-191.03 and the satisfaction of Commission Order Number 63851, the remaining balance of \$1,415,375.00 will be initially distributed to investors. Further amounts may be distributed pursuant to A.R.S. § 41-191.03 as reversion distributions after fiscal year end June 30, 2006. The Commission will retain an order against Respondents for restitution in the total amount of \$3,780,000, plus interest at 10% per annum, and penalties in the total amount of \$150,000, plus interest at 10% per annum, in connection with Hotel Connect transactions. Currently, the outstanding balance due (through May 31, 2006) on such restitution and penalties stands at \$6,593,450.20.

Originator: Matthew J. Neubert

Assistant Attorneys General Assigned:

Pamela T. Johnson and Marc A. D'Amore

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES

In the matter of:

HOTEL CONNECT LLC's #100-1100  
3649 West Beechwood Suite 103  
Fresno, CA 93711

Mark Alan Melkowski, Sr.  
2173 East La Vieve Lane  
Tempe, AZ 85284

Eagle Communications, Inc.  
4430 N. Civic Center Plaza #204  
Scottsdale, AZ 85251

Eagle One Financial & Tax, LLC  
4430 N. Civic Center Plaza #204  
Scottsdale, AZ 85251

Ronald Lee Goble, individually and  
dba Southwest Trust & Financial  
6243 East Gelding Drive  
Scottsdale, AZ 85254

Gary Lyle Christian, individually and  
dba Cornerstone Senior Planning  
28576 N. 124<sup>th</sup> Drive  
Peoria, AZ 85383

Hyland A. Stokes  
5570 East Via Montoya Drive  
Phoenix, AZ 85054

Estate Planning Protection, Inc.  
5570 East Via Montoya Drive  
Phoenix, AZ 85054

DOCKET NO. S-03396A-01-0000  
DOCKET NO. S-03441A-01-0000  
DOCKET NO. S-03444A-01-0000

**AMENDED ORDER TO CEASE AND  
DESIST, AMENDED ORDER OF  
RESITUTION, AMENDED ORDER FOR  
ADMINISTRATIVE PENALTIES AND  
CONSENTS TO SAME**

**BY: RESPONDENTS**

**MARK ALAN MELKOWSKI, SR.,  
individually and EAGLE  
COMMUNICATIONS, INC., and EAGLE  
ONE FINANCIAL & TAX, LLC;**

**RONALD LEE GOBLE, individually and  
dba SOUTHWEST TRUST &  
FINANCIAL;**

**ROGER LANCETTE, individually and  
dba NATIONAL ESTATE PLANNING  
SERVICE AND PLANNING and  
SENIOR ADVISORY SERVICES;**

**GARY L. CHRISTIAN, individually and  
dba CORNERSTONE SENIOR  
PLANNING;**

**HYLAND A. STOKES and ESTATE  
PLANNING PROTECTION, INC.;**

**WALLACE BUTTERWORTH,  
individually and dba BUTTERWORTH  
ADVISORY SERVICES and SENIOR  
ADVISORY SERVICES;**



1 Roger Lancette, individually and dba )  
2 National Estate Service and Planning and )  
3 Senior Advisory Services )  
4 8275 East Bell Road #1203E )  
5 Scottsdale, AZ 85260 )

**WILLIAM E. BERGH, individually  
and dba NATIONAL FINANCIAL  
GROUP; and WORLD WIDE  
BUSINESS OPPORTUNITIES, LLC**

4 Wallace Butterworth, individually and dba )  
5 Senior Advisory Services and Butterworth )  
6 Advisory Services )  
7 1411 East Oranewood Avenue #239 )  
8 Phoenix, AZ 85020 )

**Decision No. \_\_\_\_\_**

7 William E. Bergh, individually and dba )  
8 National Financial Group )  
9 9501 W. Camino De Oro )  
10 Peoria, AZ 85382 )

11 World Wide Business Opportunities, LLC )  
12 11024 N. 24<sup>th</sup> Drive, Suite 200 )  
13 Phoenix, AZ 85029 )

14 CRD #728693 )  
15 )  
16 )  
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Respondents. )

15 Respondents MARK ALAN MELKOWSKI, SR., individually, and EAGLE  
16 COMMUNICATIONS, INC., and EAGLE ONE FINANCIAL & TAX, LLC; RONALD LEE  
17 GOBLE, individually and dba SOUTHWEST TRUST & FINANCIAL; ROGER LANCETTE,  
18 individually and dba NATIONAL ESTATE PLANNING SERVICE AND PLANNING and  
19 SENIOR ADVISORY SERVICES; GARY L. CHRISTIAN, individually and dba  
20 CORNERSTONE SENIOR PLANNING; HYLAND A. STOKES and ESTATE PLANNING  
21 PROTECTION, INC.; WALLACE BUTTERWORTH, individually and dba BUTTERWORTH  
22 ADVISORY SERVICES and SENIOR ADVISORY SERVICES; and WILLIAM E. BERGH,  
23 individually and dba NATIONAL FINANCIAL GROUP; and WORLD WIDE BUSINESS  
24 OPPORTUNITIES, LLC (collectively "Respondents") elect to permanently waive any right to a  
25 hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801,  
26 *et. seq.* ("Securities Act") with respect to this Amended Order To Cease And Desist, Amended

1 Order Of Restitution, and Amended Order For Administrative Penalties ("Amended Order").

2 Respondents admit the jurisdiction of the Arizona Corporation Commission ("Commission");  
3 admit for purposes of this proceeding and any other administrative proceeding before the  
4 Commission, the Findings of Fact and Conclusions of Law contained in this Amended Order; and  
5 consent to the entry of this Amended Order by the Commission.

6 This Amended Order is intended to, and shall operate to, supercede and amend  
7 Respondents' liabilities to the State of Arizona previously set forth in Decisions and Orders in  
8 Docket Numbers S-03396A-01-0000, S-03441A-01-0000 and S-03444A-01-0000, wherein these  
9 Respondents Consented to Entry of Orders Numbered 64185, 64203, 64202, 64040, 64184,  
10 64006 and 63851 (the "Order" or "Orders"). These Orders are attached as Exhibits 1-7. The  
11 Commission and Respondents agree that the Commission's jurisdiction, if any, over  
12 Respondents' marital communities is governed by the law in effect as of the dates of the original  
13 Orders.

14  
15 **I. FINDINGS OF FACT**

16 1. During 2001, Respondents all consented to the entry of Orders against them for violations  
17 of Arizona securities laws in connection with various business offerings known as World Cash,  
18 Mobile Cash and/or Hotel Connect.

19 2. The above referenced Orders imposed administrative penalties and restitution liabilities  
20 against Respondents for these violations of Arizona securities laws.

21 3. Those Orders were transcribed into the Superior Court of Arizona pursuant to A.R.S. §  
22 44-2036(C).

23 4. Subsequent to transcription of those Orders, in 2002, Respondents filed suit, in Maricopa  
24 County Superior Court case CV2002-019945 (the "Lawsuit"), against Douglas Dunipace, Esq.,  
25 Mrs. Dunipace, and Jennings, Strouss & Salmon, PLC (collectively "Jennings"), asserting claims  
26 of malpractice, negligent misrepresentation, and negligent supervision. Respondents' claims

1 were based upon alleged erroneous legal advice that the World Cash and Mobile Cash business  
2 offerings were not securities under the Securities Act and could be sold without registration.

3 5. Respondents filed the Lawsuit as married men (with the exception of Respondent  
4 Butterworth, who filed as a single man).

5 6. Respondents' stated primary purpose in pursuing these claims against Jennings was to  
6 demonstrate that Respondents had relied upon an experienced securities lawyer's legal opinions,  
7 which Respondents did not know were erroneous, that the World Cash and Mobile Cash business  
8 offerings were not securities and, therefore, could be sold without registration under the  
9 Securities Act, and to obtain a recovery that could be used to satisfy the Commission Orders and  
10 enable the Commission to make distributions to the investors who lost monies in the World Cash  
11 and Mobile Cash business offerings.

12 7. Respondents and Jennings, in order to avoid costly and time-consuming litigation, agreed  
13 to fully resolve Respondents' claims in CV2002-019945 for payment of \$3.25 million dollars as  
14 is reflected in a formal Settlement Agreement and General Release ("Jennings Settlement"). The  
15 Jennings Settlement is attached as Exhibit 8. The Commission and the Arizona Attorney  
16 General's Office are not parties to, nor bound by the terms of, the Jennings Settlement.

17 8. The Commission, pursuant to A.R.S. § 41-192, by and through its counsel, the Arizona  
18 Attorney General, negotiated a settlement with Respondents for claims the State asserted against  
19 the proceeds of the Jennings Settlement.  
20

21 9. Respondents agree to forego receipt of any monies from the Jennings Settlement.

22 10. Respondents agree to cause the proceeds of the Jennings Settlement to be disbursed as  
23 follows:

24 a. \$2,146,786.69 shall be paid to the State of Arizona as restitution in connection  
25 with the World Cash and Mobile Cash business offerings;

26 b. \$30,713.31 shall be remitted to the State of Arizona to satisfy the Commission's  
Order number 63851; and

1 c. \$1,072,500.00 shall be used exclusively to pay Respondents' attorneys for their  
2 share of the proceeds of the Jennings settlement, and to satisfy any claims that  
3 the bankruptcy estates of Respondents Bergh and Christian have to the proceeds  
4 of the Jennings Settlement.

5 11. The Commission, in issuing this Amended Order, and Respondents, in consenting to this  
6 Amended Order, intend that this Amended order shall operate to eliminate Respondents'  
7 liabilities, including any alleged liabilities of their individual marital communities, to the State of  
8 Arizona with respect to the World Cash and Mobile Cash offerings that were previously set forth  
9 in the Commission's Decisions and Orders, and to also confirm the continuing liability of  
10 Respondents Melkowski, Goble, Lancette, Christian, Stokes and Butterworth for the penalties and  
11 restitution amounts previously consented to by these Respondents in connection with the Hotel  
12 Connect business offering under the Orders.

13 12. The Commission, in issuing this Amended Order, and Respondents in consenting to this  
14 Amended Order, further intend that this Amended Order does not, and shall not be used to,  
15 impair, improve or otherwise affect the respective positions of the State and Respondents listed in  
16 paragraph 11 with respect to the issues of: (a) any joint and several liability for the liabilities to  
17 the State as reflected in this Amended Order, and (b) any liability of the individual Respondents'  
18 marital communities for the liabilities to the State as reflected in this Amended Order.

19 **A. Respondents Mark Alan Melkowski, SR., individually and dba Eagle**  
20 **Communications, Inc., and Eagle One Financial & Tax, LLC ("Melkowski")**

21 13. Melkowski, whose address of record is 2173 East La Vieve Lane, Tempe, AZ 85284,  
22 executed a Consent to Entry of Order number 64006 on August 9, 2001. That Order became final  
23 on August 30, 2001. The Findings of Fact related to the Hotel Connect business offering  
24 contained in Decision number 64006 (a copy of which is attached hereto as Exhibit 1) are hereby  
25 incorporated by reference.

26 **B. Respondent Ronald Lee Goble; individually and dba Southwest Trust &**  
**Financial ("Goble")**

1 14. Goble, whose address of record is 6243 East Gelding Drive, Scottsdale, AZ 85254,  
2 executed a Consent to Entry of Order number 64040 on August 10, 2001. That Order became  
3 final on September 18, 2001. The Findings of Fact related to the Hotel Connect business offering  
4 contained in Decision number 64040 (a copy of which is attached hereto as Exhibit 2) are hereby  
5 incorporated by reference.

6 **C. Respondent Roger Lancette, individually and dba National Estate Planning**  
7 **Service and Planning, and Senior Advisory Services (collectively "Lancette")**

8 15. Lancette, whose address of record is 8275 East Bell Road #1203E, Scottsdale, AZ  
9 85260, executed a Consent to Entry of Order number 64185 on October 9, 2001. That Order  
10 became final on October 30, 2001. The Findings of Fact related to the Hotel Connect business  
11 offering contained in Decision number 64185 (a copy of which is attached hereto as Exhibit 3)  
12 are hereby incorporated by reference.

13 **D. Respondent Gary L. Christian, individually and dba Cornerstone Senior**  
14 **Planning ("Christian")**

15 16. Christian, whose address of record is 28576 N. 124<sup>th</sup> Drive, Peoria, AZ 85383, executed a  
16 Consent to Entry of Order number 64202 on October 15, 2001. That Order became final on  
17 November 8, 2001. The Findings of Fact related to the Hotel Connect business offering  
18 contained in Decision number 64202 (a copy of which is attached hereto as Exhibit 4) are hereby  
19 incorporated by reference.

20 **E. Respondents Hyland A. Stokes and Estate Planning Protection, Inc.**  
21 **("Stokes")**

22 17. Stokes, whose address of record is 5570 East Via Montoya Drive, Phoenix, AZ 85054,  
23 executed a Consent to Entry of Order number 64203 on October 16, 2001. That Order became  
24 final on November 8, 2001. The Findings of Fact related to the Hotel Connect business offering  
25 contained in Decision number 64203 (a copy of which is attached hereto as Exhibit 5) are hereby  
26 incorporated by reference.

**F. Respondent Wallace Butterworth, individually and dba Butterworth  
Advisory Services and Senior Advisory Services (Butterworth")**

18. Butterworth, whose address of record is 1411 East Orangewood Avenue #239, Phoenix, AZ 85020, executed a Consent to Entry of Order number 64184 on November 15, 2001. That Order became final on November 30, 2001. The Findings of Fact related to the Hotel Connect business offering contained in Decision number 64184 (a copy of which is attached hereto as Exhibit 6) are hereby incorporated by reference.

**G. Respondents William Bergh, individually and dba as National Financial  
Group and World Wide Business Opportunities, LLC (collectively "Bergh")**

19. Bergh, whose address of record is 9501 W. Camino De Oro, Peoria, AZ 85382, executed a Consent to Entry of Order number 63851 on May 29, 2001. That Order became final on June 28, 2001 (Attached as Exhibit 7).

**II. CONCLUSIONS OF LAW**

**A. Respondents Melkowski**

1. The Conclusions of Law set forth in Order number 64006 (Exhibit 1 hereto) as against Respondents Melkowski are hereby incorporated by reference.

**B. Respondent Goble**

2. The Conclusions of Law set forth in Order number 64040 (Exhibit 2 hereto) as against the Respondent Goble are hereby incorporated by reference.

**C. Respondent Lancette**

3. The Conclusions of Law set forth in Order number 64185 (Exhibit 3 hereto) as against Respondents Lancette are hereby incorporated by reference.

**D. Respondent Christian**

4. The Conclusions of Law set forth in Order number 64202 (Exhibit 4 hereto) as against Respondents Christian are hereby incorporated by reference.

**E. Respondents Stokes**

1 5. The Conclusions of Law set forth in Order number 64203 (Exhibit 5 hereto) as against  
2 Respondents Stokes are hereby incorporated by reference.

3 **F. Respondent Butterworth**

4 6. The Conclusions of Law set forth in Order number 64184 (Exhibit 6 hereto) as against  
5 Respondents Butterworth are hereby incorporated by reference.

6 **G. Respondents Bergh**

7 7. The Conclusions of Law set forth in Order number 63851 (Exhibit 7 hereto) as against  
8 Respondents Bergh are hereby incorporated by reference.

9  
10 **III. ORDER**

11 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and  
12 Respondents' Consent to Entry of this Amended Order, attached and incorporated by reference,  
13 the Commission finds that the following relief is appropriate, in the public interest, and necessary  
14 for the protection of investors:

15 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents, and their agents,  
16 employees, successors and assigns, permanently cease and desist from violating the Securities  
17 Act.

18 IT IS FURTHER ORDERED, approving the settlement of claims of the Commission  
19 against Respondents for the World Cash and Mobile Cash business offerings in consideration of  
20 receipt by the State of \$2,177,500.00, to be paid directly to the State of Arizona, c/o the Arizona  
21 Attorney General's Office, from the proceeds of the Jennings Settlement, out of an escrow or  
22 trust account, immediately upon execution of this Amended Order, which shall be disbursed in  
23 accordance with, and for the purpose set forth in, paragraph 10 (a) and (b) above.

24 IT IS FURTHER ORDERED, that all Respondents comply with their attached Consent to  
25 Entry of Order.  
26

1 IT IS FURTHER ORDERED, that if Respondents fail to comply with the terms of this  
2 Amended Order or with the terms of Respondents' respective Consent(s) to Entry of this  
3 Amended Order, the Commission may bring further legal proceedings against Respondents,  
4 including, but not limited to, an application to the Superior Court for an order of contempt.

5 IT IS FURTHER ORDERED, Pursuant to A.R.S. § 44-2032 and A.R.S. § 44-2003(A),  
6 Respondents Melkowski, Goble, Lancette, Christian, Stokes and Butterworth shall, jointly and  
7 severally, but only if and to the extent set forth in Order numbers 64185, 64203, 64202, 64040,  
8 64184 and 64006, with each other and with Respondents subject to Decision and Order No.  
9 64041, dated September 18, 2001 (attached hereto as Exhibit 9), pay restitution to the  
10 Commission in the amounts set forth below, plus interest at the rate of 10% per annum from the  
11 date of each investment, until paid in full. Payment shall be made by certified funds made  
12 payable to the "State of Arizona, c/o the Arizona Attorney General" to be placed in an interest  
13 bearing account maintained and controlled by the office of the Attorney General. The Attorney  
14 General shall disburse the funds on a proportional basis to Hotel Connect investors shown on the  
15 records of the Commission. If additional Hotel Connect investors are later discovered,  
16 Respondents shall pay claims of those investors under the terms of this Amended Order. Any  
17 funds that the Attorney General is unable to disburse shall revert to the general fund of the State  
18 of Arizona:

- 19
- 20 A. Respondents Melkowski shall pay restitution in the amount of \$870,000.00.
  - 21 B. Respondent Goble shall pay restitution in the amount of \$400,000.00.
  - 22 C. Respondent Lancette shall pay restitution in the amount of \$610,000.00.
  - 23 D. Respondent Christian shall pay restitution in the amount of \$520,000.00.
  - 24 E. Respondents Stokes shall pay restitution in the amount of \$1,120,000.00.
  - 25 F. Respondent Butterworth shall pay restitution in the amount of \$260,000.00.
- 26



1 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036 and A.R.S. § 44-2003(A),  
2 that each Respondent Melkowski, Goble, Lancette, Christian, Stokes and Butterworth shall,  
3 jointly and severally, but only if and to the extent set forth in Order numbers 64185, 64203,  
4 64202, 64040, 64184 and 64006, with each other and with Respondents subject to Decision and  
5 Order No. 64041, dated September 18, 2001 (attached hereto as Exhibit 9), pay an administrative  
6 penalty in the amount specified below, plus interest at the rate of 10% per annum from the date of  
7 their respective original Order until paid in full. Payment shall be made by certified funds  
8 payable to the "State of Arizona, c/o the Arizona Attorney General."

- 9 A. Respondents Melkowski shall pay an administrative penalty in the amount of  
10 \$25,000.00.
- 11 B. Respondent Goble shall pay an administrative penalty in the amount of  
12 \$25,000.00.
- 13 C. Respondent Lancette shall pay an administrative penalty in the amount of  
14 \$25,000.00.
- 15 D. Respondent Christian shall pay an administrative penalty in the amount of  
16 \$25,000.00.
- 17 E. Respondents Stokes shall pay an administrative penalty in the amount of  
18 \$25,000.00.
- 19 F. Respondent Butterworth shall pay an administrative penalty in the amount of  
20 \$25,000.00.

21 IT IS FURTHER ORDERED, that this Amended Order shall become effective  
22 immediately; provided, however, that the State shall receive \$2,177,500.00 directly from the  
23 Jennings Settlement, that such amount shall not be subject to any claims by any creditors of the  
24 Respondents, including, without limitation, any claims for attorneys' fees or legal expenses or  
25 any bankruptcy estates, and provided that if the \$2,177,500 is not received directly from the  
26 Jennings Settlement, this Amended Order shall be of no force or effect and Respondents shall  
remain bound by the original Orders. All restitution and penalties payments are due upon entry  
of this Amended Order.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
Executive Director of the Arizona Corporation  
Commission, have hereunto set my hand and caused the  
official seal of the Commission to be affixed at the  
Capitol, in the City of Phoenix, this \_\_\_\_ day of  
\_\_\_\_\_.

BRIAN C. McNEIL  
Executive Director

DISSENT

DISSENT

This document is available in alternative formats by contacting Linda Hogan, Executive Assistant  
to the Executive Director, voice phone number 602-542-3931, E-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov).

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BCE02-0332 and related

**CONSENT TO ENTRY OF AMENDED ORDER**

1  
2           1.       Respondents MARK ALAN MELKOWSKI, SR., EAGLE ONE FINANCIAL &  
3 TAX, LLC and EAGLE COMMUNICATIONS, INC. (collectively "Respondents Melkowski")  
4 admit the jurisdiction of the Commission over the subject matter of this proceeding. Respondents  
5 Melkowski acknowledge that they have been fully advised of their rights and have voluntarily  
6 waived any and all rights available under Article 11 of the Securities Act and Title 14 of the  
7 Arizona Administrative Code. Respondents Melkowski acknowledge that this Amended Order  
8 constitutes a valid final order of the Commission.

9           2.       Respondents Melkowski knowingly and voluntarily waive any right under  
10 Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or  
11 extraordinary relief resulting from the entry of this Amended Order.

12           3.       Respondents Melkowski acknowledge and agree that this Amended Order is  
13 entered into freely and voluntarily and that no promise was made or coercion used to induce such  
14 entry.

15           4.       Respondents Melkowski acknowledges that they have been represented by an  
16 attorney in this matter, Michael Parrish of Stinson Morrison Hecker LLP, they have reviewed this  
17 Amended Order with their attorney and understand all terms it contains.

18           5.       Respondents Melkowski admit only for purposes of this proceeding and any  
19 other administrative proceeding before the Commission the Findings of Fact and Conclusions of  
20 Law contained in this Amended Order and in the original Order numbered 64006.

21           6.       Respondents Melkowski agree that they shall not contest the validity of the  
22 Findings of Fact and Conclusions of Law referenced in Paragraph 5 in any present or future  
23 administrative proceeding before the Commission.

24           7.       By consenting to the entry of this Amended Order, Respondents Melkowski  
25 agree not to take any action or to make, or permit to be made, any public statement denying,  
26 directly or indirectly, any Finding of Fact or Conclusion of Law in this Amended Order or in

1 Order number 64006 or creating the impression that this Amended Order is without factual basis.

2 Respondents Melkowski will undertake steps necessary to assure that all of their agents and  
3 employees understand and comply with this agreement. Nothing in this provision affects

4 Respondents Melkowski's testimonial obligations or right to take a legal position in litigation in  
5 which the Commission is not a party.

6 8. While this Amended Order settles this matter between Respondents Melkowski  
7 and the Commission, Respondents Melkowski understand that this Amended Order does not  
8 preclude the Commission from instituting other administrative or judicial proceedings based upon  
9 violations that are not addressed by this Amended Order or by Order number 64006.

10 9. Respondents Melkowski understand that this Amended Order does not preclude  
11 the Commission from referring this matter to any governmental agency for administrative, civil,  
12 or criminal proceedings that may be related to the matters addressed by this Amended Order or by  
13 Order number 64006.

14 10. Respondents Melkowski understand that this Amended Order does not preclude  
15 any other agency or officer of the State of Arizona or its subdivisions from instituting  
16 administrative, civil, or criminal proceedings that may be related to matters addressed by this  
17 Amended Order or by Order number 64006.

18 11. Respondents Melkowski agree that they will never apply to the State of Arizona  
19 for registration as a securities dealer or salesman or for licensure as an investment advisor or  
20 investment advisor representative. Further, Respondents Melkowski agree that they will not offer  
21 to sell, directly or indirectly, securities or provide investment advisory services within or from  
22 Arizona.

23 12. Respondents Melkowski agree that they will not exercise any control over any  
24 entity that offers or sells securities or provides investment advisory services within or from  
25 Arizona.  
26

13. Respondents Melkowski agree that until restitution and penalties are paid in full, they shall notify the Director of the Securities Division within 30 days of any change in home address and any change in ability to pay amounts due under this Amended Order.

14. Respondents Melkowski understand that default shall render them liable to the Commission for the costs of collection and interest at the maximum legal rate.

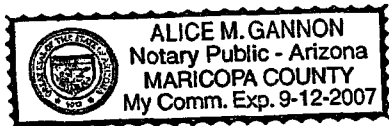
15. Respondents Melkowski agree and understand that they will continue to co-operate with the Securities Division including, but not limited to, co-operating with the State of Arizona in any related investigation or any other matters arising from the activities described in this Amended Order or in Order number 64006.

16. Respondents Melkowski consent to the entry of this Amended Order and agree to be fully bound by its terms and conditions.

17. MARK ALAN MELKOWSKI, SR. represents that he is President of EAGLE ONE and EAGLE COMMUNICATIONS, INC., and has been authorized by EAGLE ONE and EAGLE COMMUNICATIONS, INC., to enter into this Amended Order for and on behalf of them.

  
MARK ALAN MELKOWSKI, SR.

SUBSCRIBED AND SWORN TO BEFORE me this 8<sup>th</sup> day of May, 2006.



  
ALICE M. GANNON  
NOTARY PUBLIC

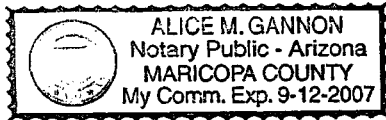
My commission expires:

9-12-2007

EAGLE ONE FINANCIAL & TAX, LLC

  
By: Mark Alan Melkowski, Sr., President

1 SUBSCRIBED AND SWORN TO BEFORE me this 8<sup>th</sup> day of May, 2006.



Alice M. Talbot  
NOTARY PUBLIC Gannon

4 My commission expires:

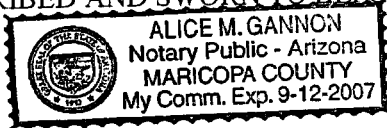
5 9-12-2007

6 EAGLE COMMUNICATIONS, INC.

7 Mark Alan Melkowski, Sr.

8 By: Mark Alan Melkowski, Sr., President

9 SUBSCRIBED AND SWORN TO BEFORE me this 9<sup>th</sup> day of May, 2006.



Alice M. Talbot  
NOTARY PUBLIC Gannon

12 My commission expires:

13 Sept 12, 2007

**CONSENT TO ENTRY OF AMENDED ORDER**

1  
2           1.       Respondent RONALD LEE GOBLE, individually and doing business as  
3 SOUTHWEST TRUST & FINANCIAL ("Respondent Goble") admits the jurisdiction of the  
4 Commission over the subject matter of this proceeding. Respondent Goble acknowledges that he  
5 has been fully advised of his rights and voluntarily waives any and all rights available under  
6 Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. Respondent  
7 Goble acknowledges that this Amended Order constitutes a valid final order of the Commission.

8           2.       Respondent Goble knowingly and voluntarily waives any right under Article 12  
9 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief  
10 resulting from the entry of this Amended Order.

11           3.       Respondent Goble acknowledges and agrees that this Amended Order is entered  
12 into freely and voluntarily and that no promise was made or coercion used to induce such entry.

13           4.       Respondent Goble acknowledges that he has been represented by an attorney in  
14 this matter, Michael Parrish of Stinson Morrison Hecker LLP, he has reviewed this Amended  
15 Order with his attorney and understands all terms it contains.

16           5.       Respondent Goble admits only for purposes of this proceeding and any other  
17 administrative proceeding before the Commission the Findings of Fact and Conclusions of Law  
18 contained in this Amended Order and in Order numbered 64040.

19           6.       Respondent Goble agrees that he shall not contest the validity of the Findings of  
20 Fact and Conclusions of Law referenced in Paragraph 5 in any present or future administrative  
21 proceeding before the Commission.

22           7.       By consenting to the entry of this Amended Order, Respondent Goble agrees not  
23 to take any action or to make, or permit to be made, any public statement denying, directly or  
24 indirectly, any Finding of Fact or Conclusion of Law in this Amended Order or in Order number  
25 64040 or creating the impression that this Amended Order is without factual basis. Respondent  
26 Goble will undertake steps necessary to assure that all of his agents and employees understand

1 and comply with this agreement. Nothing in this provision affects Respondent Goble's  
2 testimonial obligations or right to take a legal position in litigation in which the Commission is  
3 not a party.

4 8. While this Amended Order settles this matter between Respondent Goble and the  
5 Commission, Respondent Goble understands that this Amended Order does not preclude the  
6 Commission from instituting other administrative or judicial proceedings based upon violations  
7 that are not addressed by this Amended Order or by Order number 64040.

8 9. Respondent Goble understands that this Amended Order does not preclude any  
9 other agency or officer of the State of Arizona or its subdivisions from instituting administrative,  
10 civil, or criminal proceedings that may be related to matters addressed by this Amended Order or  
11 by Order number 64040.

12 10. Respondent Goble understands that this Amended Order does not preclude any  
13 other agency or officer of the State of Arizona or its subdivisions from instituting administrative,  
14 civil, or criminal proceedings that may be related to matters addressed by this Amended Order or  
15 by Order number 64040.

16 11. Respondent Goble agrees that he will never apply to the State of Arizona for  
17 registration as a securities dealer or salesman or for licensure as an investment advisor or  
18 investment advisor representative. Further, Respondent Goble agrees that he will not offer to sell,  
19 directly or indirectly, securities or provide investment advisory services within or from Arizona.

20 12. Respondent Goble agrees that he will not exercise any control over any entity  
21 that offers or sells securities or provides investment advisory services within or from Arizona.

22 13. Respondent Goble agrees that until restitution and penalties are paid in full, he  
23 shall notify the Director of the Securities Division within 30 days of any change in home address  
24 and any change in ability to pay amounts due under this Amended Order.

25 14. Respondent Goble understands that default shall render him liable to the  
26 Commission for the costs of collection and interest at the maximum legal rate.



1           15.     Respondent Goble agrees and understands that he will continue to co-operate  
2 with the Securities Division including, but not limited to, co-operating with the State of Arizona  
3 in any related investigation or any other matters arising from the activities described in this  
4 Amended Order or in Order number 64040.

5           16.     Respondent Goble consents to the entry of this Amended Order and agrees to be  
6 fully bound by its terms and conditions.

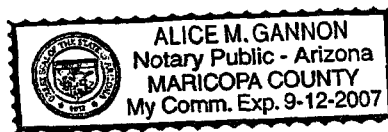
7  
8   
9 RONALD LEE GOBLE

10 SUBSCRIBED AND SWORN TO BEFORE me this 8<sup>th</sup> day of May, 2006.

11  
12   
13 NOTARY PUBLIC

14 My commission expires:

15 Sept 12, 2007



**CONSENT TO ENTRY OF AMENDED ORDER**

1  
2           1.       Respondent ROGER LANCETTE, individually and doing business as  
3 NATIONAL ESTATE SERVICE AND PLANNING and SENIOR ADVISORY SERVICES  
4 (“Respondent Lancette”) admits the jurisdiction of the Commission over the subject matter of this  
5 proceeding. Respondent Lancette acknowledges that he has been fully advised of his rights and  
6 voluntarily waives any and all rights available under Article 11 of the Securities Act and Title 14  
7 of the Arizona Administrative Code. Respondent Lancette acknowledges that this Amended  
8 Order constitutes a valid final order of the Commission.

9           2.       Respondent Lancette knowingly and voluntarily waives any right under Article  
10 12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary  
11 relief resulting from the entry of this Amended Order.

12           3.       Respondent Lancette acknowledges and agrees that this Amended Order is  
13 entered into freely and voluntarily and that no promise was made or coercion used to induce such  
14 entry.

15           4.       Respondent Lancette acknowledges that he has been represented by an attorney  
16 in this matter, Michael Parrish of Stinson Morrison Hecker LLP, he has reviewed this Amended  
17 Order with his attorney and understands all terms it contains.

18           5.       Respondent Lancette admits only for purposes of this proceeding and any other  
19 administrative proceeding before the Commission the Findings of Fact and Conclusions of Law  
20 contained in this Amended Order and in Order numbered 64185.

21           6.       Respondent Lancette agrees that he shall not contest the validity of the Findings  
22 of Fact and Conclusions of Law referenced in Paragraph 5 in any present or future administrative  
23 proceeding before the Commission.

24           7.       By consenting to the entry of this Amended Order, Respondent Lancette agrees  
25 not to take any action or to make, or permit to be made, any public statement denying, directly or  
26 indirectly, any Finding of Fact or Conclusion of Law in this Amended Order or in Order number

1 64185 or creating the impression that this Amended Order is without factual basis. Respondent  
2 Lancette will undertake steps necessary to assure that all of his agents and employees understand  
3 and comply with this agreement. Nothing in this provision affects Respondent Lancette's  
4 testimonial obligations or right to take a legal position in litigation in which the Commission is  
5 not a party.

6 8. While this Amended Order settles this matter between Respondent Lancette and  
7 the Commission, Respondent Lancette understands that this Amended Order does not preclude  
8 the Commission from instituting other administrative or judicial proceedings based upon  
9 violations that are not addressed by this Amended Order or by Order number 64185.

10 9. Respondent Lancette understands that this Amended Order does not preclude the  
11 Commission from referring this matter to any governmental agency for administrative, civil, or  
12 criminal proceedings that may be related to the matters addressed by this Amended Order or by  
13 Order number 64185.

14 10. Respondent Lancette understands that this Amended Order does not preclude any  
15 other agency or officer of the State of Arizona or its subdivisions from instituting administrative,  
16 civil, or criminal proceedings that may be related to matters addressed by this Amended Order or  
17 by Order number 64185.

18 11. Respondent Lancette agrees that he will never apply to the State of Arizona for  
19 registration as a securities dealer or salesman or for licensure as an investment advisor or  
20 investment advisor representative. Further, Respondent Lancette agrees that he will not offer to  
21 sell, directly or indirectly, securities or provide investment advisory services within or from  
22 Arizona.

23 12. Respondent Lancette agrees that he will not exercise any control over any entity  
24 that offers or sells securities or provides investment advisory services within or from Arizona.  
25  
26

13. Respondent Lancette agrees that until restitution and penalties are paid in full, he shall notify the Director of the Securities Division within 30 days of any change in home address and any change in ability to pay amounts due under this Amended Order.

14. Respondent Lancette understands that default shall render him liable to the Commission for the costs of collection and interest at the maximum legal rate.

15. Respondent Lancette agrees and understands that he will continue to co-operate with the Securities Division including, but not limited to, co-operating with the State of Arizona in any related investigation or any other matters arising from the activities described in this Amended Order or in Order number 64185.

16. Respondent Lancette consents to the entry of this Amended Order and agrees to be fully bound by its terms and conditions.

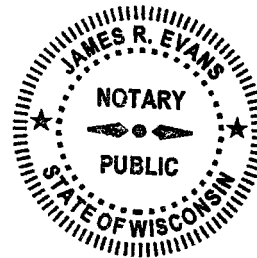
  
ROGER LANCETTE

SUBSCRIBED AND SWORN TO BEFORE me this 8 day of May, 2006.

Jan R. Chans  
NOTARY PUBLIC

My commission expires:

5.1.2010



**CONSENT TO ENTRY OF AMENDED ORDER**

1  
2           1.       Respondent GARY LYLE CHRISTIAN, individually and doing business as  
3 CORNERSTONE SENIOR PLANNING ("Respondent Christian") admits the jurisdiction of the  
4 Commission over the subject matter of this proceeding. Respondent Christian acknowledges that  
5 he has been fully advised of his rights and voluntarily waives any and all rights available under  
6 Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. Respondent  
7 Christian acknowledges that this Amended Order constitutes a valid final order of the  
8 Commission.

9           2.       Respondent Christian knowingly and voluntarily waives any right under Article  
10 12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary  
11 relief resulting from the entry of this Amended Order.

12           3.       Respondent Christian acknowledges and agrees that this Amended Order is  
13 entered into freely and voluntarily and that no promise was made or coercion used to induce such  
14 entry.

15           4.       Respondent Christian acknowledges that he has been represented by an attorney  
16 in this matter, Michael Parrish of Stinson Morrison Hecker LLP, he has reviewed this Amended  
17 Order with his attorney and understands all terms it contains.

18           5.       Respondent Christian admits only for purposes of this proceeding and any other  
19 administrative proceeding before the Commission the Findings of Fact and Conclusions of Law  
20 contained in this Amended Order and in Order numbered 64202.

21           6.       Respondent Christian agrees that he shall not contest the validity of the Findings  
22 of Fact and Conclusions of Law referenced in Paragraph 5 in any present or future administrative  
23 proceeding before the Commission or any other State agency concerning the denial or issuance of  
24 any license or registration required by the State to engage in the practice of any business or  
25 profession.  
26

1           7.       By consenting to the entry of this Amended Order, Respondent Christian agrees  
2 not to take any action or to make, or permit to be made, any public statement denying, directly or  
3 indirectly, any Finding of Fact or Conclusion of Law in this Amended Order or in Order number  
4 64202 or creating the impression that this Amended Order is without factual basis. Respondent  
5 Christian will undertake steps necessary to assure that all of his agents and employees understand  
6 and comply with this agreement. Nothing in this provision affects Respondent Christian's  
7 testimonial obligations or right to take a legal position in litigation in which the Commission is  
8 not a party.

9           8.       While this Amended Order settles this matter between Respondent Christian and  
10 the Commission, Respondent Christian understands that this Amended Order does not preclude  
11 the Commission from instituting other administrative or judicial proceedings based upon  
12 violations that are not addressed by this Amended Order or by Order number 64202.

13           9.       Respondent Christian understands that this Amended Order does not preclude the  
14 Commission from referring this matter to any governmental agency for administrative, civil, or  
15 criminal proceedings that may be related to the matters addressed by this Amended Order or by  
16 Order number 64202.

17           10.      Respondent Christian understands that this Amended Order does not preclude  
18 any other agency or officer of the State of Arizona or its subdivisions from instituting  
19 administrative, civil, or criminal proceedings that may be related to matters addressed by this  
20 Amended Order or by Order number 64202.

21           11.      Respondent Christian agrees that he will not apply to the State of Arizona for  
22 registration as a securities dealer or salesman or for licensure as an investment advisor or  
23 investment advisor representative until such time as all restitution and penalties under this  
24 Amended Order are paid in full.  
25  
26

12. Respondent Christian agrees that he will not exercise any control over any entity that offers or sells securities or provides investment advisory services within or from Arizona until such time as all restitution and penalties under this Amended Order are paid in full.

13. Respondent Christian agrees that until restitution and penalties are paid in full, he shall notify the Director of the Securities Division within 30 days of any change in home address and any change in ability to pay amounts due under this Amended Order.

14. Respondent Christian understands that default shall render him liable to the Commission for the costs of collection and interest at the maximum legal rate.

15. Respondent Christian agrees and understands that he will continue to co-operate with the Securities Division including, but not limited to, co-operating with the State of Arizona in any related investigation or any other matters arising from the activities described in this Amended Order or in Order number 64202.

16. Respondent Christian consents to the entry of this Amended Order and agrees to be fully bound by its terms and conditions.

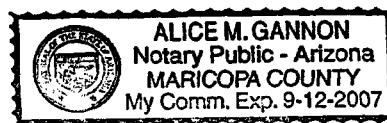
  
GARY LYLE CHRISTIAN

SUBSCRIBED AND SWORN TO BEFORE me this 5<sup>th</sup> day of May, 2006.

  
NOTARY PUBLIC  


My commission expires:

Sept 12, 2007



**CONSENT TO ENTRY OF AMENDED ORDER**

1  
2 1. Respondents HYLAND A. STOKES and ESTATE PLANNING PROTECTION,  
3 INC. (collectively "Respondents Stokes") admit the jurisdiction of the Commission over the  
4 subject matter of this proceeding. Respondents Stokes acknowledge that they have been fully  
5 advised of their rights and have voluntarily waived any and all rights available under Article 11 of  
6 the Securities Act and Title 14 of the Arizona Administrative Code. Respondents Stokes  
7 acknowledge that this Amended Order constitutes a valid final order of the Commission.

8 2. Respondents Stokes knowingly and voluntarily waive any right under Article 12  
9 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief  
10 resulting from the entry of this Amended Order.

11 3. Respondents Stokes acknowledge and agree that this Amended Order is entered  
12 into freely and voluntarily and that no promise was made or coercion used to induce such entry.

13 4. Respondents Stokes acknowledges that they have been represented by an  
14 attorney in this matter, Michael Parrish of Stinson Morrison Hecker LLP, they have reviewed this  
15 Amended Order with their attorney and understand all terms it contains.

16 5. Respondents Stokes admit only for purposes of this proceeding and any other  
17 administrative proceeding before the Commission the Findings of Fact and Conclusions of Law  
18 contained in this Amended Order and in the original Order numbered 64203.

19 6. Respondents Stokes agree that they shall not contest the validity of the Findings  
20 of Fact and Conclusions of Law referenced in Paragraph 5 in any present or future administrative  
21 proceeding before the Commission.

22 7. By consenting to the entry of this Amended Order, Respondents Stokes agree not  
23 to take any action or to make, or permit to be made, any public statement denying, directly or  
24 indirectly, any Finding of Fact or Conclusion of Law in this Amended Order or in Order number  
25 64203 or creating the impression that this Amended Order is without factual basis. Respondents  
26 Stokes will undertake steps necessary to assure that all of their agents and employees understand



1 and comply with this agreement. Nothing in this provision affects Respondents Stokes  
2 testimonial obligations or right to take a legal position in litigation in which the Commission is  
3 not a party.

4 8. While this Amended Order settles this matter between Respondents Stokes and  
5 the Commission, Respondents Stokes understand that this Amended Order does not preclude the  
6 Commission from instituting other administrative or judicial proceedings based upon violations  
7 that are not addressed by this Amended Order or by Order number 64203.

8 9. Respondents Stokes understand that this Amended Order does not preclude the  
9 Commission from referring this matter to any governmental agency for administrative, civil, or  
10 criminal proceedings that may be related to the matters addressed by this Amended Order or by  
11 Order number 64203.

12 10. Respondents Stokes understand that this Amended Order does not preclude any  
13 other agency or officer of the State of Arizona or its subdivisions from instituting administrative,  
14 civil, or criminal proceedings that may be related to matters addressed by this Amended Order or  
15 by Order number 64203.

16 11. Respondents Stokes agree that they will not apply to the State of Arizona for  
17 registration as a securities dealer or salesman or for licensure as an investment advisor or  
18 investment advisor representative until such time as all restitution and penalties under this  
19 Amended Order are paid in full.

20 12. Respondents Stokes agree that they will not exercise any control over any entity  
21 that offers or sells securities or provides investment advisory services within or from Arizona  
22 until such time as all restitution and penalties under this Amended Order are paid in full.

23 13. Respondents Stokes agree that until restitution and penalties are paid in full, they  
24 shall notify the Director of the Securities Division within 30 days of any change in home address  
25 and any change in ability to pay amounts due under this Amended Order.  
26

14. Respondents Stokes understand that default shall render them liable to the Commission for the costs of collection and interest at the maximum legal rate.

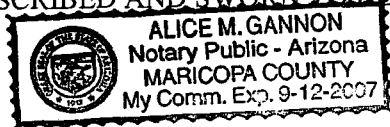
15. Respondents Stokes agree and understand that they will continue to co-operate with the Securities Division including, but not limited to, co-operating with the State of Arizona in any related investigation or any other matters arising from the activities described in this Amended Order or in Order number 64203.

16. Respondents Stokes consent to the entry of this Amended Order and agree to be fully bound by its terms and conditions.

17. HYLAND A. STOKES represents that he is President of ESTATE PLANNING PROTECTION, INC., and has been authorized by ESTATE PLANNING PROTECTION, INC., to enter into this Amended Order for and on behalf of them.

  
HYLAND A. STOKES

SUBSCRIBED AND SWORN TO BEFORE me this 8<sup>th</sup> day of May, 2006.



  
NOTARY PUBLIC

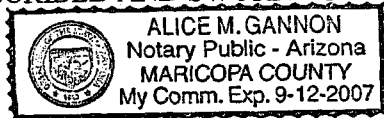
My commission expires:

Sept 12, 2007

ESTATE PLANNING PROTECTION, INC.

  
By: Hyland A. Stokes, President

SUBSCRIBED AND SWORN TO BEFORE me this 8<sup>th</sup> day of May, 2006.



  
NOTARY PUBLIC

My commission expires:

Sept 12, 2007

**CONSENT TO ENTRY OF AMENDED ORDER**

1  
2           1.       Respondent WALLCE BUTTERWORTH, individually and doing business as  
3 BUTTERWORTH ADVISORY SERVICES and SENIOR ADVISORY SERVICES  
4 ("Respondent Butterworth") admits the jurisdiction of the Commission over the subject matter of  
5 this proceeding. Respondent Butterworth acknowledges that he has been fully advised of his  
6 rights and voluntarily waives any and all rights available under Article 11 of the Securities Act  
7 and Title 14 of the Arizona Administrative Code. Respondent Butterworth acknowledges that  
8 this Amended Order constitutes a valid final order of the Commission.

9           2.       Respondent Butterworth knowingly and voluntarily waives any right under  
10 Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or  
11 extraordinary relief resulting from the entry of this Amended Order.

12           3.       Respondent Butterworth acknowledges and agrees that this Amended Order is  
13 entered into freely and voluntarily and that no promise was made or coercion used to induce such  
14 entry.

15           4.       Respondent Butterworth acknowledges that he has been represented by an  
16 attorney in this matter, Michael Parrish of Stinson Morrison Hecker LLP, he has reviewed this  
17 Amended Order with his attorney and understands all terms it contains.

18           5.       Respondent Butterworth admits only for purposes of this proceeding and for any  
19 other administrative proceeding before the Commission the Findings of Fact and Conclusions of  
20 Law contained in this Amended Order and in Order numbered 64184.

21           6.       Respondent Butterworth agrees that he shall not contest the validity of the  
22 Findings of Fact and Conclusions of Law referenced in Paragraph 5 in any present or future  
23 administrative proceeding before the Commission.

24           7.       By consenting to the entry of this Amended Order, Respondent Butterworth  
25 agrees not to take any action or to make, or permit to be made, any public statement denying,  
26 directly or indirectly, any Finding of Fact or Conclusion of Law in this Amended Order or in

1 Order number 64184 or creating the impression that this Amended Order is without factual basis.

2 Respondent Butterworth will undertake steps necessary to assure that all of his agents and  
3 employees understand and comply with this agreement. Nothing in this provision affects

4 Respondent Butterworth's testimonial obligations or right to take a legal position in litigation in  
5 which the Commission is not a party.

6 8. While this Amended Order settles this matter between Respondent Butterworth  
7 and the Commission, Respondent Butterworth understands that this Amended Order does not  
8 preclude the Commission from instituting other administrative or judicial proceedings based upon  
9 violations that are not addressed by this Amended Order or by Order number 64184.

10 9. Respondent Butterworth understands that this Amended Order does not preclude  
11 the Commission from referring this matter to any governmental agency for administrative, civil,  
12 or criminal proceedings that may be related to the matters addressed by this Amended Order or by  
13 Order number 64184.

14 10. Respondent Butterworth understands that this Amended Order does not preclude  
15 any other agency or officer of the State of Arizona or its subdivisions from instituting  
16 administrative, civil, or criminal proceedings that may be related to matters addressed by this  
17 Amended Order or by Order number 64184.

18 11. Respondent Butterworth agrees that he will never apply to the State of Arizona  
19 for registration as a securities dealer or salesman or for licensure as an investment advisor or  
20 investment advisor representative. Further, Respondent Butterworth agrees that he will not offer  
21 to sell, directly or indirectly, securities or provide investment advisory services within or from  
22 Arizona.


23 12. Respondent Butterworth agrees that he will not exercise any control over any  
24 entity that offers or sells securities or provides investment advisory services within or from  
25 Arizona.  
26

13. Respondent Butterworth agrees that until restitution and penalties are paid in full,  
he shall notify the Director of the Securities Division within 30 days of any change in home  
address and any change in ability to pay amounts due under this Amended Order.

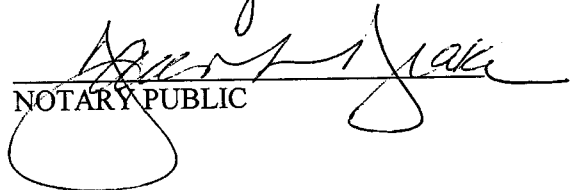
14. Respondent Butterworth understands that default shall render him liable to the  
Commission for the costs of collection and interest at the maximum legal rate.

15. Respondent Butterworth agrees and understands that he will continue to co-  
operate with the Securities Division including, but not limited to, co-operating with the State of  
Arizona in any related investigation or any other matters arising from the activities described in  
this Amended Order or in Order number 64184.

16. Respondent Butterworth consents to the entry of this Amended Order and agrees  
to be fully bound by its terms and conditions.

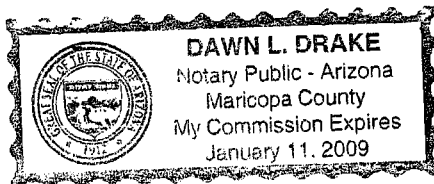
  
WALLACE BUTTERWORTH

SUBSCRIBED AND SWORN TO BEFORE me this 8<sup>th</sup> day of May, 2006.

  
NOTARY PUBLIC

My commission expires:

Jan 11, 2009



**CONSENT TO ENTRY OF AMENDED ORDER**

- 1  
2           1.       Respondents WILLIAM E. BERGH, individually and dba NATIONAL  
3 FINANCIAL GROUP; and WORLD WIDE BUSINESS OPPORTUNITIES, LLC (collectively  
4 "Respondents Bergh") admit the jurisdiction of the Commission over the subject matter of this  
5 proceeding. Respondents Bergh acknowledge that they have been fully advised of their rights  
6 and have voluntarily waived any and all rights available under Article 11 of the Securities Act  
7 and Title 14 of the Arizona Administrative Code. Respondents Bergh acknowledge that this  
8 Amended Order constitutes a valid final order of the Commission.
- 9           2.       Respondents Bergh knowingly and voluntarily waive any right under Article 12  
10 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief  
11 resulting from the entry of this Amended Order.
- 12           3.       Respondents Bergh acknowledge and agree that this Amended Order is entered  
13 into freely and voluntarily and that no promise was made or coercion used to induce such entry.
- 14           4.       Respondents Bergh acknowledges that they have been represented by an attorney  
15 in this matter, Michael Parrish of Stinson Morrison Hecker LLP, they have reviewed this  
16 Amended Order with their attorney and understand all terms it contains.
- 17           5.       Respondents Bergh admit only for purposes of this proceeding and any other  
18 administrative proceeding before the Commission the Findings of Fact and Conclusions of Law  
19 contained in this Amended Order and in the original Order numbered 63851.
- 20           6.       Respondents Bergh agree that they shall not contest the validity of the Findings  
21 of Fact and Conclusions of Law referenced in Paragraph 5 in any present or future administrative  
22 proceeding before the Commission.
- 23           7.       By consenting to the entry of this Amended Order, Respondents Bergh agree not  
24 to take any action or to make, or permit to be made, any public statement denying, directly or  
25 indirectly, any Finding of Fact or Conclusion of Law in this Amended Order or in Order number  
26 63851 or creating the impression that this Amended Order is without factual basis. Respondents

1 Bergh will undertake steps necessary to assure that all of their agents and employees understand  
2 and comply with this agreement. Nothing in this provision affects Respondents Bergh's  
3 testimonial obligations or right to take a legal position in litigation in which the Commission is  
4 not a party.

5 8. While this Amended Order settles this matter between Respondents Bergh and  
6 the Commission, Respondents Bergh understand that this Amended Order does not preclude the  
7 Commission from instituting other administrative or judicial proceedings based upon violations  
8 that are not addressed by this Amended Order or by Order number 63851.

9 9. Respondents Bergh understand that this Amended Order does not preclude the  
10 Commission from referring this matter to any governmental agency for administrative, civil, or  
11 criminal proceedings that may be related to the matters addressed by this Amended Order or by  
12 Order number 63851.

13 10. Respondents Bergh understand that this Amended Order does not preclude any  
14 other agency or officer of the State of Arizona or its subdivisions from instituting administrative,  
15 civil, or criminal proceedings that may be related to matters addressed by this Amended Order or  
16 by Order number 63851.

17 11. Respondents Bergh agree that they will never apply to the State of Arizona for  
18 registration as a securities dealer or salesman or for licensure as an investment advisor or  
19 investment advisor representative. Further, Respondents Bergh agree that they will not offer to  
20 sell, directly or indirectly, securities or provide investment advisory services within or from  
21 Arizona.

22 12. Respondents Bergh agree that they will not exercise any control over any entity  
23 that offers or sells securities or provides investment advisory services within or from Arizona.

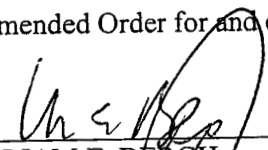
24 13. Respondents Bergh agree that until restitution and penalties are paid in full, they  
25 shall notify the Director of the Securities Division within 30 days of any change in home address  
26 and any change in ability to pay amounts due under this Amended Order.

14. Respondents Bergh understand that default shall render them liable to the Commission for the costs of collection and interest at the maximum legal rate.

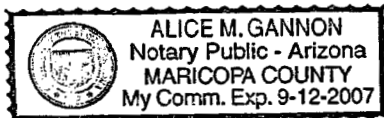
15. Respondents Bergh agree and understand that they will continue to co-operate with the Securities Division including, but not limited to, co-operating with the State of Arizona in any related investigation or any other matters arising from the activities described in this Amended Order or in Order number 63851.


16. Respondents Bergh consent to the entry of this Amended Order and agree to be fully bound by its terms and conditions.

17. WILLIAM E. BERGH represents that he is President of WORLD WIDE BUSINESS OPPORTUNITIES, LLC, and has been authorized by WORLD WIDE BUSINESS OPPORTUNITIES, LLC, to enter into this Amended Order for and on behalf of them.

  
WILLIAM E. BERGH

SUBSCRIBED AND SWORN TO BEFORE me this 8<sup>th</sup> day of May, 2006.

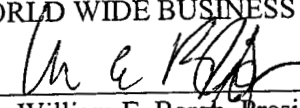


  
ALICE M. GANNON  
NOTARY PUBLIC

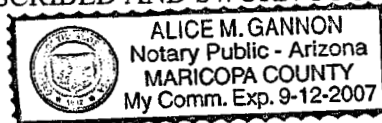
My commission expires:


9-12-2007

WORLD WIDE BUSINESS OPPORTUNITIES, LLC

  
By: William E. Bergh, President

SUBSCRIBED AND SWORN TO BEFORE me this 8<sup>th</sup> day of May, 2006.



  
ALICE M. GANNON  
NOTARY PUBLIC

My commission expires:

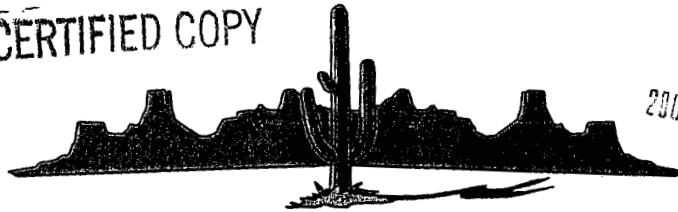
9-12-2007



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STATE OF ARIZONA  
CORPORATION COMMISSION

TJ2002-005619

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To all to Whom these Presents shall Come Greeting:

I, BRIAN C. MCNEIL, EXECUTIVE SECRETARY OF THE ARIZONA CORPORATION COMMISSION, DO HEREBY CERTIFY THAT

The attached is a true, complete and correct copy of the ORDER TO CEASE AND DESIST, ORDER OF RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME, as issued by this Commission on August 30, 2001, in DOCKET NO. S-03396A-01-0000 / S-03444A-01-0000, IN THE MATTER OF:

Mobile Cash Systems, LLC  
World Wireless Solutions, Inc.  
World Electronic Payment  
World Cash Providers, LLC  
World Cash Providers, Inc.  
Mark Alan Melkowski, Sr.  
Eagle Communications, Inc.  
Eagle One Financial & Tax, LLC  
Gerald B. ("Jerry") Johnson  
Kimber Lea Baudour

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THE ARIZONA CORPORATION COMMISSION, AT THE CAPITOL, IN THE CITY OF PHOENIX, THIS 10TH DAY OF September 2001 A.D.



EXECUTIVE SECRETARY

Docket

BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

AUG 30 2001

DOCKETED BY

sd

WILLIAM A. MUNDELL

Chairman

JIM IRVIN

Commissioner

MARC SPITZER

Commissioner

In the matter of:

MOBILE CASH SYSTEMS, LLC

8215 S. Eastern Ave., Suite 239

Las Vegas, NV 89123

WORLD WIRELESS SOLUTIONS, INC.

a/k/a WIRELESS EXPRESS USA, INC.

544 West Iron Dr. Ste. 102 -

Mesa, AZ 85210

WORLD ELECTRONIC PAYMENT

SOLUTIONS, INC. d/b/a WEPS

544 West Iron Dr. Ste. 102

Mesa, AZ 85210

WORLD CASH PROVIDERS, LLC

1851 Hillpointe Road, Suite 811

Henderson, NV 89014

WORLD CASH PROVIDERS, INC.

3649 West Beechwood Suite 103

Fresno, CA 93711

MARK ALAN MELKOWSKI, SR.

2173 East La Vieve Lane

Tempe, AZ 85254

EAGLE COMMUNICATIONS, INC.

4430 N. Civic Center Plaza #204

Scottsdale, AZ 85251

EAGLE ONE FINANCIAL & TAX, LLC

4430 N. Civic Center Plaza #204

Scottsdale, AZ 85251

GERALD B. ("JERRY") JOHNSON

2010 West Summit Place

Chandler, AZ 85224-1170

KIMBER LEA BAUDOUR

873 North Crossbow Court

Chandler, AZ 85225

Respondents.

) Docket No. S-03396A-01-0000

) Docket No. S-03444A-01-0000

) ORDER TO CEASE AND DESIST,  
) ORDER OF RESTITUTION, ORDER  
) FOR ADMINISTRATIVE PENALTIES  
) AND CONSENT TO SAME

) BY: RESPONDENTS

) MARK ALAN MELKOWSKI, SR.

) EAGLE COMMUNICATIONS, INC.

) EAGLE ONE FINANCIAL & TAX, LLC

) DECISION NO. 64006

1 HOTEL CONNECT LLC's #100-2000  
2 3649 West Beechwood Suite 103  
3 Fresno, CA 93711

4 MARK ALAN MELKOWSKI, SR.  
5 2173 East La Vieve Lane  
6 Tempe, AZ 85254

7 EAGLE COMMUNICATIONS, INC.  
8 4430 N. Civic Center Plaza #204  
9 Scottsdale, AZ 85251

10 WALLACE BUTTERWORTH, dba SENIOR  
11 ADVISORY SERVICES  
12 1880 East Morten Avenue #154  
13 Phoenix, AZ 85020  
14 CRD #728693

15 ROGER LANCETTE, dba NATIONAL  
16 ADVISORY SERVICES and SENIOR  
17 ADVISORY SERVICES  
18 6857 East Montreal Place  
19 Scottsdale, Arizona 85254

20 RONALD LEE GOBLE  
21 6243 East Gelding Drive  
22 Scottsdale, AZ 85254

23 GARY LYLE CHRISTIAN  
24 7015 West Firebird Drive  
25 Glendale, AZ 85308

26 HYLAND A. STOKES  
5570 East Via Montoya Drive  
Phoenix, AZ 85054

Respondents.

Respondents Mark Alan Melkowski, Sr. ("Melkowski"), Eagle Communications, Inc. ("Eagle"), and Eagle One Financial & Tax, LLC ("Eagle One") (hereafter collectively "Respondents") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order of Restitution, and Order for Administrative Penalties

1 ("Order"). The aforesaid Respondents admit the jurisdiction of the Arizona Corporation  
2 Commission ("Commission"); admit only for purposes of this proceeding and any other  
3 administrative proceedings before the Commission or any other agency of the state of Arizona, the  
4 Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this  
5 Order by the Commission.

6 I.

7 FINDINGS OF FACT

8 A. Respondents.

9 1. Melkowski is an individual whose last known address is 2173 East La Vieve Lane,  
10 Tempe, Arizona, 85254. At various times pertinent hereto, Melkowski was manager of Eagle  
11 One; President, Director, and statutory agent of Eagle. Melkowski was President, Director, and  
12 shareholder of World Electronic Payment Solutions, Inc. d/b/a WEPS ("WEPS") from its initial  
13 incorporation on August 9, 1999, until October 19, 2000, according to WEPS' corporate filings.  
14 Melkowski was also a Sales Representative for Mobile Cash Systems, LLC ("MCS").  
15 Melkowski was never registered with the Commission as a securities salesman. Melkowski is,  
16 and was at all times pertinent hereto, licensed by the Arizona Department of Insurance as an  
17 insurance salesman.

18 2. Eagle is an Arizona corporation, incorporated in Arizona on May 27, 1998. Its  
19 principal place of business is 4430 N. Civic Center Plaza, #204, Scottsdale, Arizona, 85251. Its  
20 purpose is "to conduct the business of marketing financial products." Eagle was an agent for several  
21 sales representatives for Hotel Connect LLCs ("Hotel Connect") and MCS, hereinafter referred  
22 to as "EAGLE Agents." Melkowski is Eagle's President, manager and owner.

23 3. Eagle One is an Arizona limited liability company organized on October 8, 1999.  
24 Its principal place of business is 4430 N. Civic Center Plaza, #204, Scottsdale, Arizona, 85251.

1 Eagle One was a Sales Manager for World Cash Providers, LLC ("WCP, LLC"), from September 9,  
2 1999. Melkowski was Eagle One's President, manager and owner.

3 B. Description of the Hotel Connect Offerings.

4 4. From in or around October 1998, Hotel Connect offered and sold within and from  
5 Arizona membership interests in Hotel Connect #100-1100 LLCs. Investors' funds were to be used  
6 to operate a hotel long distance and operator service for the purpose of generating a profit for  
7 investors.

8 5. The minimum investment for one membership interest in Hotel Connect was  
9 \$10,000, for a projected annualized average 17.6% return for the first five years. Investors were told  
10 in sales brochures that the investment provided "high returns with minimal risk, good  
11 collateralization, and liquidity." Sales brochures distributed to investors represented that they could  
12 expect annual yields on their investments of 14% during year one, and up to 20% annual yields  
13 during year five.

14 6. Respondents solicited some of their investors through cold-calls and at seminars  
15 advertised to the general public, followed by visits to the investors' homes.

16 7. In some instances, Respondents went to investors' homes to sell them annuities,  
17 and then later represented to these investors that Hotel Connect would be a better investment for  
18 them because they could make a larger profit from investments in Hotel Connect, and  
19 encouraged them to sell their annuities. Some investors sustained penalties or termination  
20 charges upon the termination of their annuity contracts, and then, upon Respondents'  
21 recommendations, used the funds to purchase interests in Hotel Connect.

22 8. Respondents did not fully disclose the risks of the investments in Hotel Connect.

23 9. Investors in Hotel Connect have not received their first annual return, as promised.

24 ...

25 ...

C. Description of the Business Opportunity Investment Programs:  
WORLD CASH CTMs and MOBILE CASH WTMs.

10. From in or around January 1999 until around February 2000, World Cash Providers, Inc. ("WCP, Inc.") and WCP, LLC (hereafter collectively, "World Cash Respondents"), operating out of California and Nevada, collaborated to put together a package of equipment sales and services. The package was presented to investors as "business opportunities," involving the sale of WCP, LLC cash ticket machines ("CTMs") together with WCP, Inc. service contracts, whereby the service companies would manage the equipment for the purpose of generating a profit for investors. WCP, LLC sales agents offered and sold these "business opportunities" within and from Arizona.

11. On February 8, 2000, the California Department of Corporations ("DOC") found that the business opportunities sold by World Cash Respondents were securities and ordered WCP, LLC and WCP, Inc. to stop selling these business opportunities in California.

12. After World Cash Respondents stopped selling CTM business opportunities, some of the owners, managers and marketers of World Cash Respondents initiated a new business opportunities program substantially similar to the World Cash Respondents' program, involving the sale of wireless terminal machines ("WTMs") together with service contracts. Under the new program, from in or around February 2000 until in or around October 2000, MCS sales agents offered and sold WTMs together with service contracts, whereby the service companies would manage the equipment for the purpose of generating a profit for investors. WTM purchasers contracted with World Wireless Solution, Inc. ("Wireless") to obtain services from Wireless and WEPS. (Hereafter, MCS, Wireless, and WEPS are referred to collectively as the "Mobile Cash Respondents".) The Mobile Cash Respondents operated from bases of operations in Nevada and Arizona.

13. The offering documents for World Cash Respondents' CTM Program and Mobile Cash Respondents' WTM Program describe the equipment as serving a similar function of allowing

1 customers of retail food outlets to use credit or debit cards to electronically process merchant  
2 transactions. WTM's are small hand-held mobile units, while CTM's are small stationary cash ticket  
3 machines. CTM's are located at a merchant's place of business. WTM's can accompany delivery of  
4 food, and be used to record a purchase and generate receipts for the purchaser and the merchant.  
5 The services offered by WCP, Inc. for the CTM Program and by Wireless and WEPS for the WTM  
6 Program include locating and installing the equipment with retail merchants, handling or processing  
7 the transactions, monitoring and maintaining the equipment, and issuing monthly "revenue"  
8 distribution checks to the investors or "business owners."

9 14. The investor agreements for the CTM and WTM business opportunity programs  
10 are almost identical, and include a Sales Agreement and a Services (sic) Agreement, offered as a  
11 package to all investors. Although the Sales Agreements present options for selecting services  
12 from several companies, WCP, Inc. was the recommended service company for the CTM's, and  
13 Wireless and WEPS were the recommended services companies for the WTM's. Services  
14 Agreements for only WCP, Inc. were included in the information packet provided to prospective  
15 CTM investors. Services Agreements for only Wireless were included in the information packet  
16 provided to prospective WTM investors. WEPS was the designated service company for processing  
17 for all Wireless clients.

18 15. Although the offering documents for the CTM and WTM investment programs  
19 describe options for different levels of managing the equipment, in practice, all investors selected  
20 the full-service option, which offered a revenue-sharing feature and a buy-back provision. Under  
21 the full-service option, investors have no responsibilities with respect to the operation of their  
22 equipment beyond signing the service contracts, no financial obligations apart from the initial  
23 payment to purchase the units, no continuing financial obligation in the operation of their  
24 equipment, and no liability for any expenses or costs related to the operation of the equipment.  
25 Some of the services offered to investors, including processing and "transaction handling,"  
26



1 require special expertise. The transaction handling was to be performed by WCP, Inc. for the CTMs  
2 and Wireless for the WTMs. The processing of transactions was to be performed by WEPS for the  
3 WTMs. Both functions were key to generating a profit for investors.

4 16. All Arizona CTM investors selected WCP, Inc. to handle all services needed to  
5 manage their CTMs, and all WTM investors selected Wireless and WEPS to handle all services  
6 necessary to manage their WTMs.

7 17. Investors exercised no managerial or entrepreneurial duties in connection with  
8 these investments. The profits of the investors were dependent upon the transaction handling and  
9 monitoring services provided by WCP, Inc., Wireless and WEPS.

10 18. From in or around January 1999 until February 2000, when the California DOC  
11 issued its Desist and Refrain Orders against World Cash Respondents and some of its principals,  
12 World Cash Respondents offered and sold the CTM business opportunities within and from  
13 Arizona to approximately 100 investors who invested approximately \$4,376,300. The minimum  
14 investment, which was \$7,000 for two CTMs at \$3,500 each, increased in or around October  
15 1999 to \$9,000 for two CTMs at \$4,500 each, for a five-year term. Respondents sold CTM  
16 business opportunities directly to 10 investors, who invested a total of \$690,000. Respondents  
17 participated directly in the sale of CTM business opportunities to at least three additional  
18 investors, who invested a total of \$327,500.

19 19. In late 1999, when the California DOC was investigating World Cash Respondents,  
20 Melkowski and Gerald B. Johnson ("Johnson") were involved in one or more meetings with  
21 principals or owners and marketers of World Cash Respondents, in Fresno, California, to plan the  
22 service operations that would be promoted to investors for management of the WTMs. Melkowski  
23 was named as President and Director of WEPS in incorporating documents filed in Nevada in  
24 August 1999. Johnson was named as President and Director of Wireless in incorporating documents  
25  
26

1 filed in Arizona in early 2000. The operating headquarters for both Wireless and WEPS is, and was  
2 at all pertinent times, the same address in Mesa, Arizona.

3 20. Melkowski is reflected as WEPS' President on WEPS' corporate filings from  
4 WEPS' initial filing of its incorporating documents in Nevada on August 9, 1999, until October 19,  
5 2000.

6 21. From in or around January 2000, Mobile Cash Respondents offered and sold  
7 WTM business opportunities within and from Arizona. By mid-October 2000, approximately  
8 104 investors throughout several states had purchased 1645 units together with Services  
9 Agreements, totaling approximately \$8,225,000 in investment funds. The minimum investment  
10 was \$10,000 for two WTMs at \$5,000 each, for a five-year term. Respondents sold the WTM  
11 business opportunity directly to one investor, who invested \$180,000.

12 22. The CTMs and WTMs were sold to retired and unsophisticated investors who had  
13 no experience in or knowledge of cash ticket machine or wireless terminal machine businesses, and  
14 who never intended to take possession of, or to manage, the equipment. Most investors do not even  
15 know where their equipment is located. Through written and oral statements, Mobile Cash  
16 Respondents and World Cash Respondents and their sales agents led investors to believe that these  
17 were passive investments.

18 23. According to written materials and oral statements made by sales agents, investors  
19 in the CTM and WTM programs are supposed to receive a) minimum monthly revenue  
20 equivalent to 13% per annum of their original investment, generated from the operation of their  
21 equipment; b) a share of the monthly net profit on each machine in excess of the base monthly  
22 payment; c) a full return of their investment at the end of the five-year term because they have a  
23 right to sell the equipment back to the service company for the original amount of the investment,  
24 or to renew the investment; and d) if the monthly revenue from the operation of the machines  
25 falls below the base payment, the right to request that the service companies repurchase the  
26

1 equipment for the original sales price, or relocate the equipment to another location with the  
2 potential for a higher profit from sharing in increased revenue.

3 24. Under the CTM Equipment Sales Agreement, WCP, LLC represented to investors  
4 that the "Closing" of the transactions contemplated by the Equipment Sales Agreement, which  
5 included delivery of the CTMs and "Leased Site" assignments to the Purchaser or the Purchaser's  
6 Agent, would occur within 30 (later changed to 60) days of the receipt of the completed contracts  
7 and collected funds. The Purchaser was entitled to terminate the agreement if the Closing of the  
8 transactions contemplated by the Equipment Sales Agreement did not occur within the applicable  
9 time period set forth in the Agreement. If for any reason such Closing did not occur, then the  
10 Purchaser's payment was to be promptly returned to the Purchaser. Many investors were never  
11 notified of the location of their machines or whether their machines were even delivered to a  
12 merchant site. Many investors received monthly "revenue" distribution payments even though their  
13 equipment was never delivered or placed in service, and generated no revenue. Those investors  
14 were not informed that their equipment was not delivered or placed in service within the time period  
15 for terminating their contracts, and their funds were not returned to them.

16 25. Under the CTM Services Agreement, WCP, Inc., who was agent for the investor,  
17 represented to investors that their monthly distribution payments would be based upon the  
18 equipment revenues collected by the service company. Under the full-service agreement, investors  
19 were to share in any revenues that exceeded their base monthly distributions. There was no  
20 provision for any routine or periodic accounting as to the actual revenue generated from the  
21 operation of their CTMs. WCP, Inc. paid all CTM investors monthly "revenue" distribution  
22 checks until around March 2000. By June 2000, all payments stopped.

23 26. Similar to the CTM Equipment Sales Agreement, under the WTM Equipment  
24 Sales Agreement, MCS represented to investors that the Purchaser was entitled to terminate the  
25 agreement if the Closing of the transactions contemplated by the Equipment Sales Agreement did  
26

1 not occur within the applicable time period set forth in the Agreement, which was 90 days. The  
2 transactions contemplated by the Equipment Sales Agreement included delivery of the WTM's.  
3 However, the Agreement provided that "Closing" would be deemed to have occurred within 90 days  
4 of the date of sale and clearing of the collected funds. WTM investors were not informed that their  
5 equipment was not delivered or placed in service within the time period for terminating their  
6 contracts.

7 27. Similar to the CTM Services Agreement, under the WTM Services Agreement,  
8 Wireless, who was agent for the investor, represented to investors that their monthly distribution  
9 payments would be based upon the equipment revenues collected by the service company. Under  
10 the full-service agreement, investors were to share in any revenues that exceeded their base  
11 monthly distributions. There was no provision for any routine or periodic accounting as to the  
12 actual revenue generated from the operation of their WTM's. Wireless paid all WTM investors  
13 monthly "revenue" distribution checks until around March 2001, although no revenue was  
14 generated. As of February 2001, no WTM equipment had been placed in service for investors. The  
15 distribution payments were made from funds wire-transferred to Wireless from MCS, the company  
16 that sold the equipment to investors and received the investors' funds. From April through  
17 December 2000, according to Wireless' accounting records, WTM investors were paid a total of  
18 approximately \$458,471.00 in distributions. At that time, investors were not informed that their  
19 monthly distributions were not generated from the operation of their machines, or that their  
20 machines were not in operation.

21 D. Sales and Marketing Network for the "Business Opportunities."

22 28. Respondents recruited the EAGLE Agents, provided them with necessary paperwork  
23 for selling Hotel Connect LLC interests, and business opportunities in World Cash Providers CTMs  
24 and Mobile Cash WTM's, and paid them commissions based upon the amount of money invested  
25 through their sales and marketing efforts. Respondents negotiated commission splits individually  
26

1 with his EAGLE Agents and paid them from his own account. Respondents' commissions for the  
2 sale of the CTM business opportunities was 16-19% of the investors' funds, and their commissions  
3 for the sale of the WTM business opportunities and Hotel Connect was 20% of investors' funds.  
4 Melkowski decided what commissions to pay to each of the EAGLE Agents individually.

5 29. Hotel Connect, World Cash Respondents and Mobile Cash Respondents provided  
6 sales conferences and training sessions for agents, on how to sell the business opportunities  
7 programs. Melkowski made presentations at some of the sessions. Training sessions for Hotel  
8 Connect and WCP, LLC sales agents were held until around June 1999 at the home offices of World  
9 Cash Respondents in Fresno, California. In or around March 2000, a training session was held in  
10 Las Vegas, Nevada to instruct MCS sales agents how to present the MCS/Wireless/WEPS WTM  
11 business opportunities program.

12 30. Respondents and their EAGLE Agents represented that these investments were more  
13 profitable than other investments, and encouraged investors to transfer their funds from CDs, mutual  
14 funds, and annuities, for their financial betterment.

15 31. In connection with the offer or sale of securities within or from Arizona,  
16 Respondents directly or indirectly made untrue statements of material fact or omitted to state  
17 material facts which were necessary in order to make the statements made not misleading in light of  
18 the circumstances under which they were made. Respondents' conduct includes, but is not limited  
19 to, the following:

20 a) Failing to disclose specific risks involved in investments in the business  
21 opportunities, including but not limited to the risk that the CTM or WTM units may never be  
22 placed in service.

23 b) Representing to CTM investors that their equipment would be delivered within  
24 30 or 60 days of their completed contract, when in fact many of the CTMs that were  
25 purchased were never delivered or placed in service.  
26

1 c) Failing to disclose that many of the CTMs that were purchased were never  
2 delivered or placed in service.

3 d) Representing that CTM investors were to receive monthly distributions from the  
4 revenue generated from the operation of their CTMs. In fact, however, monthly  
5 distributions were being paid to many investors for CTMs that were never placed in service  
6 for them.

7 e) Representing that WTM investors were to receive monthly distributions from the  
8 revenue generated from the operation of their WTMs. In fact, however, from April through  
9 January 2000, Wireless distributed monthly payments to investors although no equipment  
10 was placed in service for any investors.

11 f) Failing to disclose to WTM investors that no WTMs had been placed in service.

12 g) Failing to disclose any financial or background information about the issuers  
13 or their principals.

14 h) Failing to disclose that Hotel Connect investor funds were being transferred to  
15 other affiliated companies without investors' knowledge.

16 i) Failing to disclose that on February 8, 2000, the California DOC issued orders  
17 finding that the business opportunities or investment contracts involving CTMs were  
18 securities and ordering World Cash Respondents to desist and refrain from the unlawful  
19 sale of these securities in California.

## 20 II.

### 21 CONCLUSIONS OF LAW

22 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
23 Arizona Constitution and the Securities Act.

24 2. Respondents offered or sold securities within or from Arizona, within the meaning  
25 of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. Respondents violated A.R.S. § 44-1842 by offering or selling securities while neither registered as dealers or salesmen nor exempt from registration.

5. Respondents violated A.R.S. § 44-1991 by offering or selling securities within or from Arizona by making untrue statements or misleading omissions of material facts.

6. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

8. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

### III. ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and Respondents' consent to the entry of this Order, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that Respondents, their agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents shall, jointly and severally with any other Respondents who are subject to Orders of the Commission, pay restitution to Hotel Connect investors shown on the records of the Commission in the amount of \$870,000, plus interest at the rate of 10% per annum from the date of each investment, until paid in full. If additional Hotel Connect investors are later discovered, Respondents shall pay claims of those investors under the terms of this Order. Payment shall be made by cashier's check or money

1 order payable to the "State of Arizona" to be placed in an interest-bearing account maintained and  
2 controlled by the Arizona Attorney General. The Arizona Attorney General shall disburse the  
3 funds on a pro rata basis to investors. Any funds that the Attorney General is unable to disburse  
4 shall revert to the state of Arizona.

5 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents shall, jointly  
6 and severally with any other Respondents who are subject to Orders of the Commission, pay  
7 restitution to CTM investors shown on the records of the Commission in the amount of  
8 \$1,017,500, plus interest at the rate of 10% per annum from the date of each investment until paid  
9 in full. If additional CTM investors are later discovered, Respondents shall pay claims of those  
10 investors under the terms of this Order. Payment shall be made by cashier's check or money order  
11 payable to the "State of Arizona" to be placed in an interest-bearing account maintained and  
12 controlled by the Arizona Attorney General. The Arizona Attorney General shall disburse the  
13 funds on a pro rata basis to investors. Any funds that the Attorney General is unable to disburse  
14 shall revert to the state of Arizona.

15 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents shall, jointly  
16 and severally with any other Respondents who are subject to Orders of the Commission, pay  
17 restitution to WTM investors shown on the records of the Commission in the amount of \$180,000,  
18 plus interest at the rate of 10% per annum from the date of each investment, until paid in full. If  
19 additional WTM investors are later discovered, Respondents shall pay claims of those investors  
20 under the terms of this Order. Payment shall be made by cashier's check or money order payable  
21 to the "State of Arizona" to be placed in an interest-bearing account maintained and controlled by  
22 the Arizona Attorney General. The Arizona Attorney General shall disburse the funds on a pro  
23 rata basis to investors. Any funds that the Attorney General is unable to disburse shall revert to the  
24 state of Arizona.



1 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents, jointly and  
2 severally, shall pay administrative penalties in the amount of \$25,000. Payment shall be made in  
3 full by cashier's check or money order on the date of this Order, payable to the "State of Arizona."  
4 Any amount outstanding shall accrue interest at the rate of 10% per annum from the date of this  
5 Order until paid in full.

6 IT IS FURTHER ORDERED that this Order shall become effective immediately. All  
7 restitution and penalties payments are due upon entry of this Order.

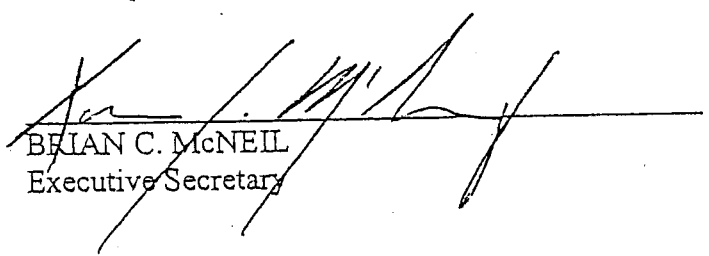
8 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

9  
10  
11   
12 CHAIRMAN

13   
14 COMMISSIONER

15   
16 COMMISSIONER

17 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
18 Executive Secretary of the Arizona Corporation  
19 Commission, have hereunto set my hand and caused the  
20 official seal of the Commission to be affixed at the  
21 Capitol, in the City of Phoenix, this 30<sup>th</sup> day of  
22 August, 2001.

23   
24 BRIAN C. McNEIL  
25 Executive Secretary

26  
DISSENT

This document is available in alternative formats by contacting Shelly M. Hood, ADA Coordinator,  
voice phone number 602-542-3931, E-mail [shood@cc.state.az.us](mailto:shood@cc.state.az.us).

PTJ

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CONSENT TO ENTRY OF ORDER

1. RESPONDENTS MARK ALAN MELKOWSKI, SR. ("MELKOWSKI"), EAGLE ONE FINANCIAL & TAX, LLC ("EAGLE ONE") and EAGLE COMMUNICATIONS, INC. ("RESPONDENTS") admit the jurisdiction of the Commission over the subject matter of this proceeding. RESPONDENTS acknowledge that they have been fully advised of their rights to a hearing to present evidence and call witnesses and RESPONDENTS knowingly and voluntarily waive any and all rights to a hearing before the Commission and all other rights otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. RESPONDENTS acknowledge that this Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same ("Order") constitutes a valid final order of the Commission.

2. RESPONDENTS knowingly and voluntarily waive any right they may have under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

3. RESPONDENTS acknowledge and agree that this Order is entered into freely and voluntarily and that no promise was made or coercion used to induce such entry.

4. RESPONDENTS acknowledge that they have chosen not to be represented by counsel in this matter, they have reviewed this Order and understand all terms it contains.

5. RESPONDENTS admit only for purposes of this proceeding and any other administrative proceeding before the Commission or any other agency of the state of Arizona the Findings of Fact and Conclusions of Law contained in this Order.

6. By consenting to the entry of this Order, RESPONDENTS agree not to take any action or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual basis. RESPONDENTS will undertake steps necessary to assure that all of their

agents and employees understand and comply with this agreement. Nothing in this provision affects RESPONDENTS' testimonial obligations or right to take legal positions in litigation in which an administrative agency of the state of Arizona is not a party.

7. While this Order settles this administrative matter between RESPONDENTS and the Commission, RESPONDENTS understand that this Order does not preclude the Commission from instituting other administrative proceedings based on violations that are not addressed by this Order.

8. RESPONDENTS understand that this Order does not preclude the Commission from referring this matter to any governmental agency for administrative, civil, or criminal proceedings that may be related to the matters addressed by this Order.

9. RESPONDENTS understand that this Order does not preclude any other agency or officer of the state of Arizona or its subdivisions from instituting administrative, civil or criminal proceedings that may be related to matters addressed by this Order.

10. RESPONDENTS agree that they will never apply to the state of Arizona for registration as a securities dealer or salesman or for licensure as an investment adviser or investment adviser representative.

11. RESPONDENTS agree that they will not offer or sell, directly or indirectly, securities or provide investment advisory services, within or from Arizona.

12. RESPONDENTS agree that they will not exercise any control over any entity or person that offers or sells, directly or indirectly, securities or provides investment advisory services, within or from Arizona.

13. RESPONDENTS acknowledge and agree that the existence of this Order would be a "material fact" to any reasonable investor, and RESPONDENTS acknowledge and agree that the existence of this Order, and its terms, will be affirmatively disclosed by them to any person to whom RESPONDENTS may offer or sell securities, within the meaning of A.R.S. §§ 44-1801(15), 44-

1 1801(21) and 44-1801(26), and to any person with respect to whom RESPONDENTS may act as an  
2 investment adviser or investment adviser representative, within the meaning of A.R.S. § 44-3101(4)  
3 or § 44-3101(5), in any instance in which such offer or sale, or such provision of investment advice.

4 14. This agreement and Order shall be binding upon RESPONDENTS' agents, heirs,  
5 employees, assigns, representatives, beneficiaries or other successors in interest of any kind.

6 15. RESPONDENTS agree that until restitution and penalties are paid in full,  
7 RESPONDENTS will notify the Director of the Securities Division within 30 days of any change  
8 in home address or any change in RESPONDENTS' ability to pay amounts due under this Order.

9 16. RESPONDENTS understand that default shall render them liable to the  
10 Commission for its costs of collection and interest at the maximum legal rate.

11 17. RESPONDENTS agree that they will continue to cooperate with the Securities  
12 Division including, but not limited to, providing complete and accurate testimony at any hearing in  
13 this matter and cooperating with the state of Arizona in any related investigation or any other  
14 matters arising from the activities described in this Order.

15 18. RESPONDENTS consent to the entry of this Order and agree to be fully bound by  
16 its terms and conditions. If RESPONDENTS or any of them breach any provision of this Order,  
17 the Commission may vacate this Order and restore this case to its active docket.

18 ...

19 ...

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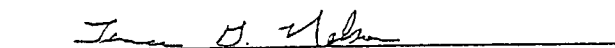
24 ...

25 ...

19. MARK ALAN MELKOWSKI, SR. represents that he is President of EAGLE ONE  
and EAGLE COMMUNICATIONS, INC. and has been authorized by EAGLE ONE and EAGLE  
COMMUNICATIONS, INC. to enter into this Order for and on behalf of them.

  
MARK ALAN MELKOWSKI, SR.

SUBSCRIBED AND SWORN TO BEFORE me this 9 day of August, 2001.

  
NOTARY PUBLIC

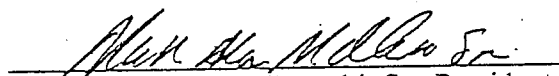
My Commission Expires:

9-10-2004



Notary Public State of Arizona  
Maricopa County  
Terence G Nelson  
Expires September 10 2004

EAGLE ONE FINANCIAL & TAX, LLC

  
By: Mark Alan Melkowski, Sr., President

SUBSCRIBED AND SWORN TO BEFORE me this 9 day of August, 2001.

  
NOTARY PUBLIC

My Commission Expires:

9-10-2004



Notary Public State of Arizona  
Maricopa County  
Terence G Nelson  
Expires September 10 2004



<p style="text-align: center;"><b>When Recorded Return To:</b></p> <p><b>Janet Napolitano</b>  <b>Attorney General</b>  <b>Agency Counsel Division/  Bankruptcy &amp; Collection  Enforcement Section</b>  <b>1275 West Washington</b>  <b>Phoenix, Arizona 85007</b></p>	<p><b>Maricopa County Recorder</b>  <b>111 S. Third Ave.</b>  <b>Phoenix, AZ 85003</b></p>
---	--

**JUDGMENT DEBTOR INFORMATION**

<b>Judgment Debtor(s) last known address:</b>
<p><b>Mark Alan Melkowsi, Sr. Eagle  Communications, Inc. Eagle One Financial  &amp; Tax LLC</b></p>
<p><b>2173 E. La Vieve Ln., Tempe, AZ 85254  4430 N. Civic Center Plaza, Suite 204,  Scottsdale, AZ 85251</b></p>
<p><b>, AZ</b></p>

<b>Judgment Debtor(s) address of receipt of summons:</b>
<p><b>N/A</b></p>

<b>Judgment Debtor(s) date of birth:</b>	<b>N/A</b>
<b>Judgment Debtor(s) Drivers License No.</b>	<b>N/A</b>
<b>Judgment Debtor(s) SS#:</b>	<b>N/A</b>
<b>Judgment Balance:</b>	<b>\$2,067,500.00</b>

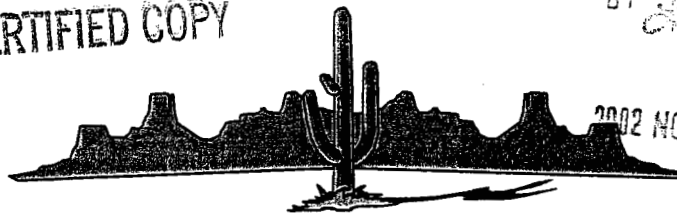
<b>Creditor Address:</b>
<p><b>Janet Napolitano</b>  <b>Attorney General</b>  <b>David J. Dir 003606</b>  <b>Assistant Attorney General</b>  <b>1275 West Washington</b>  <b>Phoenix, Arizona 85007-1298</b></p>

**County Recorder**  
**Information Statement**  
**Pursuant to A.R.S. §33-967(A)**

2



CERTIFIED COPY



MICHAEL J. DEAN, CLERK  
BY *[Signature]* DEP  
FILED  
2002 NOV 26 AM 9:18

STATE OF ARIZONA  
CORPORATION COMMISSION

TJ2002-005620

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To all to Whom these Presents shall Come Greeting:

I, BRIAN C. MCNEIL, EXECUTIVE SECRETARY OF THE ARIZONA CORPORATION COMMISSION, DO HEREBY CERTIFY THAT

The attached is a true, complete and correct copy of the ORDER TO CEASE AND DESIST, ORDER OF RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME RE: RONALD LEE GOBLE, as issued by this Commission on September 18, 2001, in DOCKET NO. S-03444A-01-0000, IN THE MATTER OF:

Hotel Connect LLC's #100-1100  
Mark Alan Melkowsky, Sr.  
Eagle Communications, Inc.  
Ronald Lee Goble  
Gary Lyle Christian  
Hyland A. Stokes  
Roger Lancette  
Wallace ButterWorth

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THE ARIZONA CORPORATION COMMISSION, AT THE CAPITOL, IN THE CITY OF PHOENIX, THIS 23RD DAY OF November 2001 A.D.



*[Signature]*  
EXECUTIVE SECRETARY

Docket

BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

SEP 18 2001

DOCKETED BY

JK

WILLIAM A. MUNDELL  
Chairman  
JIM IRVIN  
Commissioner  
MARC SPITZER  
Commissioner

In the matter of:

HOTEL CONNECT LLC's #100-1100  
3649 West Beechwood Suite 103  
Fresno, CA 93711

MARK ALAN MELKOWSKI, SR.  
2173 East La Vieve Lane  
Tempe, AZ 85254

EAGLE COMMUNICATIONS, INC.  
4430 N. Civic Center Plaza #204  
Scottsdale, AZ 85251

RONALD LEE GOBLE, individually and dba  
SOUTHWEST TRUST & FINANCIAL  
6243 East Gelding Drive  
Scottsdale, AZ 85254

GARY LYLE CHRISTIAN, individually and dba  
CORNERSTONE SENIOR PLANNING  
7015 West Firebird Drive  
Glendale, AZ 85308

HYLAND A. STOKES, individually and dba  
ESTATE PLANNING PROTECTION  
5570 East Via Montoya Drive  
Phoenix, AZ 85054

ROGER LANCETTE, individually and dba  
NATIONAL ADVISORY SERVICES and  
SENIOR ADVISORY SERVICES  
6857 East Montreal Place  
Scottsdale, Arizona 85254

WALLACE BUTTERWORTH, individually and  
dba SENIOR ADVISORY SERVICES  
1411 East Orangewood Avenue #239  
Phoenix, AZ 85020  
CRD #728693

Respondents.

) Docket No. S-03444A-01-0000

)  
) ORDER TO CEASE AND DESIST,  
) ORDER OF RESTITUTION, ORDER  
) FOR ADMINISTRATIVE PENALTIES  
) AND CONSENT TO SAME  
) RE: RONALD LEE GOBLE

) DECISION NO. 64040

1 Respondent Ronald Lee Goble ("RESPONDENT") elects to permanently waive any right to  
2 a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et*  
3 *seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order of Restitution, and  
4 Order for Administrative Penalties ("Order"). The aforesaid RESPONDENT admits the  
5 jurisdiction of the Arizona Corporation Commission ("Commission"); admits only for purposes of  
6 this proceeding and any other administrative proceedings before the Commission or any other  
7 agency of the state of Arizona, the Findings of Fact and Conclusions of Law contained in this  
8 Order; and consents to the entry of this Order by the Commission.

## I.

## FINDINGS OF FACT

10  
11 1. RESPONDENT, whose last known address is 6243 East Gelding Drive Scottsdale,  
12 Arizona 85254, was, at various times pertinent hereto, doing business as Southwest Trust &  
13 Financial. RESPONDENT was never registered with the Commission as a securities salesman.  
14 RESPONDENT is, and was at all times pertinent hereto, licensed by the Arizona Department of  
15 Insurance as an insurance salesman.

## A. Sales and Marketing Network for "Alternative" Investments.

16  
17 2. In or around October 1998, Respondent MARK ALAN MELKOWSKI  
18 ("Melkowski") recruited several licensed insurance salesmen including the RESPONDENT to act as  
19 EAGLE Agents to contract as sales agents for Respondent HOTEL CONNECT and World Cash  
20 Providers, LLC ("World Cash") to sell "alternative" investments to their clients. MELKOWSKI  
21 acted as a managing sales agent for HOTEL CONNECT and World Cash, assisting these companies  
22 by providing the EAGLE Agents with necessary investor paperwork, training the salesmen,  
23 processing investor documents, and paying the EAGLE Agents commissions based upon the amount  
24 of money invested through their sales and marketing efforts. MELKOWSKI received commissions  
25 for the sale of the HOTEL CONNECT membership interests in the amount of 20% of the funds  
26 raised from investors, and MELKOWSKI was paid up to 19% of the funds raised from the sale of

1 World Cash business opportunities. MELKOWSKI negotiated commission splits individually with  
2 the EAGLE Agents and paid them from his own account from commission funds he received from  
3 the issuers of these investment products.

4 3. HOTEL CONNECT and World Cash provided joint sales conferences and training  
5 sessions for agents on how to sell the LLC membership interests and the World Cash business  
6 opportunities programs.

7 4. In late 1998 or early 1999, top sales producers, including RESPONDENT, were  
8 rewarded for high volume sales with a "getaway" trip and seminar held in New Orleans. Several  
9 training sessions and seminars were held in Fresno, California through late 1999.

10 5. On February 8, 2000, the California Department of Corporations ("DOC") found  
11 that the CTM business opportunities were securities sold in violation of California law, and  
12 ordered World Cash and some of its principals, managers and marketers to stop selling these  
13 business opportunities in California.

14 6. In or around February 2000, after the California DOC ordered World Cash to desist  
15 and refrain from further sales of business opportunities in California, RESPONDENT stopped selling  
16 HOTEL CONNECT and World Cash products.

17 7. In or around March 2000, RESPONDENT attended a sales seminar held in Las  
18 Vegas, Nevada, to promote the sale of Mobile Cash Systems, LLC (Mobile Cash) business  
19 opportunities, a new program marketed by the same principals who offered the HOTEL CONNECT  
20 and the World Cash products.

21 8. RESPONDENT solicited some of his investors through cold-calls and at seminars  
22 advertised to the general public, followed by visits to the investors' homes.

23 9. In some instances, RESPONDENT went to investors' homes to sell them annuities,  
24 and then later represented to these investors that these "alternative" investments would be better  
25 investments for them because they could make a larger profit from these investments.  
26 RESPONDENT encouraged his insurance clients to sell their annuities to invest in these

1 "alternative" investments. Some investors sustained penalties or termination charges upon the  
2 termination of their annuity contracts, and then, upon RESPONDENT's recommendations, used  
3 the funds to purchase the "alternative" investments.

4 **B. Description of the Hotel Connect Offerings.**

5 10. From in or around October 1998 until February 2000, RESPONDENT offered and  
6 sold within and from Arizona membership interests in Hotel Connect #100-1100 LLCs to  
7 approximately 15 investors, who invested approximately \$400,000. Investors were told that their  
8 funds would be used to operate a hotel long distance and operator service for the purpose of  
9 generating a profit for investors.

10 11. The minimum investment for one membership interest in HOTEL CONNECT was  
11 \$10,000, for a projected annualized average 17.6% return for the first five years. Investors were told  
12 by salesmen and in sales brochures that the investment provided the investor "high returns with  
13 minimal risk, good collateralization, and liquidity in case of emergency throughout his or her  
14 ownership," and that they could expect annual yields on their investments of 14% during year one,  
15 and up to 20% annual yields during year five.

16 12. While HOTEL CONNECT's subscription documents provide specifically that the  
17 investments "will be sold only to accredited investors," in fact the investments were in many cases  
18 sold to investors who did not meet the definition of an accredited investor as that term is defined  
19 under federal law and adopted under the Securities Act.

20 13. RESPONDENT did not fully disclose the risks of the investments in HOTEL  
21 CONNET.

22 14. Investors in HOTEL CONNECT interests have not received their first annual  
23 return, as promised.

24 **C. Description of the "Business Opportunities" Offerings.**

25 15. RESPONDENT also offered and sold investments called "business opportunities,"  
26 consisting of the sale of equipment together with service agreements. Investors were to receive

1 monthly payments resulting from a share of the profits generated from the operation of their  
2 equipment. Investors exercised no managerial or entrepreneurial duties in connection with this  
3 investment, and never even saw the equipment. The profits of the investors were dependent upon the  
4 services provided by the service companies.

5 16. From around January 1999 through January 2000, RESPONDENT sold World Cash  
6 Providers, LLC cash ticket machines ("CTMs"), with services provided by World Cash Providers,  
7 Inc., based in Fresno, California, to 11 investors, who invested approximately \$385,000. Some of the  
8 principals of these issuers, collectively referred to hereafter as "World Cash," were also involved in  
9 the management and marketing of the HOTEL CONNECT membership interests.

10 17. From around January 2000 through June 2000, RESPONDENT offered and sold  
11 Mobile Cash business opportunities investments--substantially similar to the CTM business  
12 opportunities, to 7 investors, who invested approximately \$205,000. These sales involved wireless  
13 terminal machines ("WTMs") together with service agreements. The WTMs were handheld wireless  
14 cash ticket machines. Mobile Cash was based in Las Vegas, Nevada. The services were to be  
15 provided by two companies based in Mesa, Arizona, World Wireless Systems, Inc. ("Wireless") and  
16 World Electronic Payment Solutions ("WEPS"). Principals of Mobile Cash, Wireless and WEPS  
17 also managed or marketed World Cash business opportunities and HOTEL CONNECT membership  
18 interests.

19 18. Investors in the World Cash CTM business opportunities stopped getting their  
20 monthly "revenue" payments in or before June 2000.

21 19. Investors in the Mobile Cash WTM business opportunities received monthly  
22 "revenue" payments, as promised, approximately 90 days after their investments, beginning in  
23 April 2000, even though not a single WTM machine was placed in operation. Around March  
24 2001, the "revenue" payments to investors stopped.

25 20. On May 24, 2001, the Commission approved and entered an Order to Cease and  
26 Desist, for Administrative Penalties, and for Other Affirmative Action and Consent to Same

1 against Respondents including World Cash, Mobile Cash, Wireless and WEPS, in which these  
2 respondents admitted for purposes of this and any other administrative proceedings before the  
3 Commission that the CTM and WTM business opportunities were securities, and that they were  
4 sold in violation of the registration and anti-fraud provisions of the Securities Act.

5 21. In connection with the offer or sale of securities within or from Arizona,  
6 RESPONDENT directly or indirectly made untrue statements of material fact or omitted to state  
7 material facts which were necessary in order to make the statements made not misleading in light of  
8 the circumstances under which they were made. RESPONDENT's conduct relating to the offer and  
9 sale of these securities includes, but is not limited to, the following:

10 a) Misrepresenting the safety of these investments and/or failing to disclose specific  
11 risks.

12 b) Failing to disclose financial or background information about the issuers or  
13 their principals.

14 c) Failing to disclose to HOTEL CONNECT investors that there would be inter-  
15 company transfers of funds between HOTEL CONNECT and World Cash or other  
16 companies.

17 d) Misrepresenting to CTM investors that their equipment would be delivered  
18 within 30 or 60 days of their completed contract. In fact, some investors never had  
19 equipment placed in service for them.

20 e) Failing to disclose that many of the CTMs that were purchased were never  
21 delivered or placed in service.

22 f) Misrepresenting that CTM investors were to receive monthly distributions from the  
23 revenue generated from the operation of their CTMs. In fact, monthly distributions were paid  
24 to many investors for CTMs that were never placed in service for them.

25 g) Misrepresenting that WTM investors were to receive monthly distributions from  
26 the revenue generated from the operation of their WTMs. In fact, from April through January

2000, Wireless distributed monthly payments to investors although no equipment was placed in service for any investors.

h) Failing to disclose to WTM investors that no WTMs had been placed in service.

i) Failing to disclose that Wireless and WEPS, the service and processing companies that were supposed to manage the WTMs to generate revenue for the distributions to investors, had not even begun service operations.

j) Failing to disclose background information regarding the principals of the limited liability interests and the business opportunities, including but not limited to the following:

(1) That on February 8, 2000, the California DOC issued orders finding that the business opportunities or investment contracts involving CTMs were securities and ordering World Cash, its presidents, and two Directors of WEPS, Paul Michael ("Mike") Goodman and John P. Steele, to desist and refrain from the unlawful sale of these securities in California.

(2) That on February 10, 2000, the California DOC filed a lawsuit in Sacramento County Superior Court against several entities and individuals including three directors of WEPS, Claude D. Smith, Billy Ray Smith and Brian T. Griggs, alleging the illegal and fraudulent offer and sale of an estimated \$20 million of securities in the form of short-term promissory notes to hundreds of investors, many of them elderly. The funds were alleged to be used for investments in commercial automated teller machines, cash ticket machines, and discount telephone service systems in economy motel rooms.

## II.

### CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.



2. RESPONDENT offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. RESPONDENT violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. RESPONDENT violated A.R.S. § 44-1842 by offering or selling securities while neither registered as dealers or salesmen nor exempt from registration.

5. RESPONDENT violated A.R.S. § 44-1991 by offering or selling securities within or from Arizona by making untrue statements or misleading omissions of material facts.

6. RESPONDENT's conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. RESPONDENT's conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

8. RESPONDENT's conduct is grounds for administrative penalties under A.R.S. § 44-2036.

### III.

#### ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and RESPONDENT's consent to the entry of this Order, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT, his agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT shall, jointly and severally with any other Respondent who is subject to Orders of the Commission, pay restitution to Hotel Connect investors shown on the records of the Commission in the amount of \$400,000, plus interest at the rate of 10% per annum from the date of each investment, until paid in full. If additional Hotel Connect investors are later discovered, RESPONDENT shall pay claims of

1 those investors under the terms of this Order. Payment shall be made by cashier's check or money  
2 order payable to the "State of Arizona" to be placed in an interest-bearing account maintained and  
3 controlled by the Arizona Attorney General. The Arizona Attorney General shall disburse the  
4 funds on a pro rata basis to investors. Any funds that the Attorney General is unable to disburse  
5 shall revert to the state of Arizona.

6 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT shall,  
7 jointly and severally with any other Respondents who are subject to Orders of the Commission, pay  
8 restitution to CTM investors shown on the records of the Commission in the amount of \$385,000,  
9 plus interest at the rate of 10% per annum from the date of each investment until paid in full. If  
10 additional CTM investors are later discovered, RESPONDENT shall pay claims of those investors  
11 under the terms of this Order. Payment shall be made by cashier's check or money order payable to  
12 the "State of Arizona" to be placed in an interest-bearing account maintained and controlled by the  
13 Arizona Attorney General. The Arizona Attorney General shall disburse the funds on a pro rata  
14 basis to investors. Any funds that the Attorney General is unable to disburse shall revert to the state  
15 of Arizona.

16 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT shall,  
17 jointly and severally with any other Respondents who are subject to Orders of the Commission, pay  
18 restitution to WTM investors shown on the records of the Commission in the amount of \$205,000,  
19 plus interest at the rate of 10% per annum from the date of each investment, until paid in full. If  
20 additional WTM investors are later discovered, RESPONDENT shall pay claims of those investors  
21 under the terms of this Order. Payment shall be made by cashier's check or money order payable to  
22 the "State of Arizona" to be placed in an interest-bearing account maintained and controlled by the  
23 Arizona Attorney General. The Arizona Attorney General shall disburse the funds on a pro rata  
24 basis to investors. Any funds that the Attorney General is unable to disburse shall revert to the state  
25 of Arizona.

1 . IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDNET shall pay  
 2 administrative penalties in the amount of \$25,000. Payment shall be made in full by cashier's check  
 3 or money order on the date of this Order, payable to the "State of Arizona." Any amount  
 4 outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid  
 5 in full.

6 IT IS FURTHER ORDERED that this Order shall become effective immediately. All  
 7 restitution and penalties payments are due upon entry of this Order.

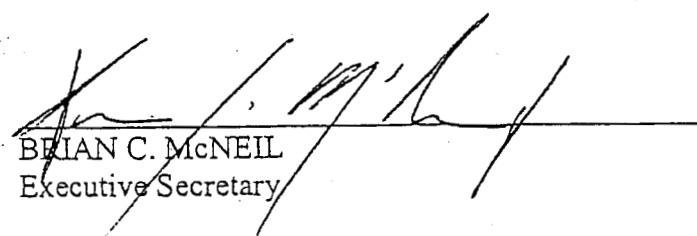
8 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

9  
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 12 CHAIRMAN

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 12 COMMISSIONER

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 12 COMMISSIONER

13 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
 14 Executive Secretary of the Arizona Corporation  
 15 Commission, have hereunto set my hand and caused the  
 16 official seal of the Commission to be affixed at the Capitol,  
 17 in the City of Phoenix, this 18th day of  
 18 September, 2001.

17   
 18 BRIAN C. McNEIL  
 19 Executive Secretary

20 DISSENT

21 This document is available in alternative formats by contacting Shelly M. Hood, ADA Coordinator,  
 22 voice phone number 602-542-3931, E-mail [shood@cc.state.az.us](mailto:shood@cc.state.az.us).

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### CONSENT TO ENTRY OF ORDER

1. RESPONDENT RONALD LEE GOBLE ("RESPONDENT") admits the jurisdiction of the Commission over the subject matter of this proceeding. RESPONDENT acknowledges that he has been fully advised of his rights to a hearing to present evidence and call witnesses and RESPONDENT knowingly and voluntarily waives any and all rights to a hearing before the Commission and all other rights otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. RESPONDENT acknowledges that this Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same ("Order") constitutes a valid final order of the Commission.

2. RESPONDENT knowingly and voluntarily waives any right he may have under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

3. RESPONDENT acknowledges and agrees that this Order is entered into freely and voluntarily and that no promise was made or coercion used to induce such entry.

4. RESPONDENT acknowledges that he has chosen not to be represented by counsel in this matter, he has reviewed this Order and understands all terms it contains.

5. RESPONDENT admits only for purposes of this proceeding and any other administrative proceeding before the Commission or any other agency of the state of Arizona the Findings of Fact and Conclusions of Law contained in this Order.

6. By consenting to the entry of this Order, RESPONDENT agrees not to take any action or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual basis. RESPONDENT will undertake steps necessary to assure that all of his agents and employees understand and comply with this agreement. Nothing in this provision affects RESPONDENT's testimonial obligations or right to take legal positions in litigation in which an administrative agency of the state of Arizona is not a party.

1           7.       While this Order settles this administrative matter between RESPONDENT and the  
2 Commission, RESPONDENT understands that this Order does not preclude the Commission from  
3 instituting other administrative proceedings based on violations that are not addressed by this Order.

4           8.       RESPONDENT understands that this Order does not preclude the Commission from  
5 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
6 that may be related to the matters addressed by this Order.

7           9.       RESPONDENT understands that this Order does not preclude any other agency or  
8 officer of the state of Arizona or its subdivisions from instituting administrative, civil or criminal  
9 proceedings that may be related to matters addressed by this Order.

10          10.       RESPONDENT agrees that he will never apply to the state of Arizona for  
11 registration as a securities dealer or salesman or for licensure as an investment adviser or  
12 investment adviser representative.

13          11.       RESPONDENT agrees that he will not offer or sell, directly or indirectly, securities or  
14 provide investment advisory services, within or from Arizona.

15          12.       RESPONDENT agrees that he will not exercise any control over any entity or person  
16 that offers or sells, directly or indirectly, securities or provides investment advisory services, within  
17 or from Arizona.

18          13.       RESPONDENT acknowledges and agrees that the existence of this Order would be a  
19 "material fact" to any reasonable investor, and RESPONDENT acknowledges and agrees that the  
20 existence of this Order, and its terms, will be affirmatively disclosed by him to any person to whom  
21 RESPONDENT may offer or sell securities, within the meaning of A.R.S. §§ 44-1801(15), 44-  
22 1801(21) and 44-1801(26), and to any person with respect to whom RESPONDENT may act as an  
23 investment adviser or investment adviser representative, within the meaning of A.R.S. § 44-3101(4)  
24 or § 44-3101(5), in any instance in which such offer or sale, or such provision of investment advice.

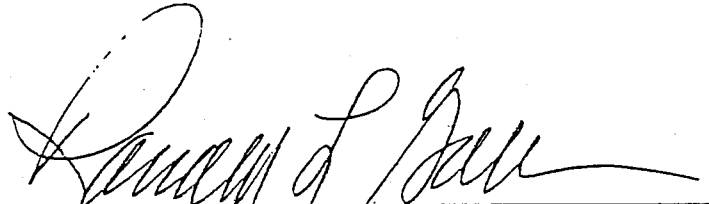
25          14.       This agreement and Order shall be binding upon RESPONDENT's agents, heirs,  
26 employees, assigns, representatives, beneficiaries or other successors in interest of any kind.

15. RESPONDENT agrees that until restitution and penalties are paid in full, RESPONDENT will notify the Director of the Securities Division within 30 days of any change in home address or any change in RESPONDENT's ability to pay amounts due under this Order.

16. RESPONDENT understands that default shall render him liable to the Commission for its costs of collection and interest at the maximum legal rate.

17. RESPONDENT agrees that he will continue to cooperate with the Securities Division including, but not limited to, providing complete and accurate testimony at any hearing in this matter and cooperating with the state of Arizona in any related investigation or any other matters arising from the activities described in this Order.

18. RESPONDENT consents to the entry of this Order and agrees to be fully bound by its terms and conditions. If RESPONDENT breaches any provision of this Order, the Commission may vacate this Order and restore this case to its active docket.

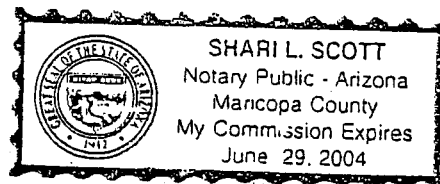
  
RONALD LEE GOBLE

SUBSCRIBED AND SWORN TO BEFORE me this 10<sup>th</sup> day of Aug, 2001.

  
NOTARY PUBLIC

My Commission Expires:

June 29, 2004



<p style="text-align: center;">When Recorded Return To:</p> <p>Janet Napolitano Attorney General Agency Counsel Division/ Bankruptcy &amp; Collection Enforcement Section 1275 West Washington Phoenix, Arizona 85007</p>	<p>Maricopa County Recorder 111 S. Third Ave. Phoenix, AZ 85003</p>
---	---

**JUDGMENT DEBTOR INFORMATION**

Judgment Debtor(s) last known address:
Ronald Lee Goble
6243 E. Gelding Dr.
Scottsdale, AZ 85254

Judgment Debtor(s) address of receipt of summons:
N/A

Judgment Debtor(s) date of birth:	N/A
Judgment Debtor(s) Drivers License No.	N/A
Judgment Debtor(s) SS#:	N/A
Judgment Balance:	\$990,000.00

Creditor Address:
<p>Janet Napolitano Attorney General David J. Dir 003606 Assistant Attorney General 1275 West Washington Phoenix, Arizona 85007-1298 (602) 542-1719</p>

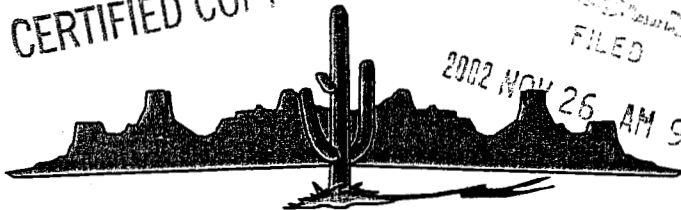
**County Recorder**  
**Information Statement**  
**Pursuant to A.R.S. §33-967(A)**

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CERTIFIED COPY



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BY [Signature] CLERK  
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STATE OF ARIZONA  
CORPORATION COMMISSION

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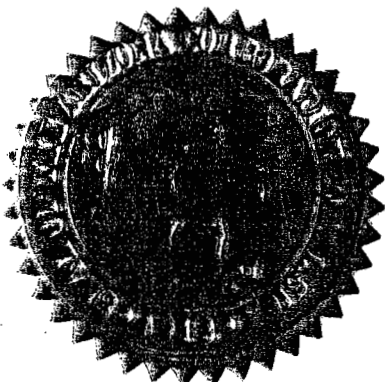
To all to Whom these Presents shall Come Greeting:

I, BRIAN C. MCNEIL, EXECUTIVE SECRETARY OF THE ARIZONA CORPORATION COMMISSION, DO HEREBY CERTIFY THAT

The attached are true, complete and correct copy of the ORDER TO CEASE AND DESIST, ORDER OF RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME, as issued by this Commission on October 30, 2001, in DOCKET NO. S-03444A-01-0000, IN THE MATTER OF:

Hotel Connect LLC's #100-1100  
Mark Alan Melkowski, Sr.  
Eagle Communications, Inc.  
Ronald Lee Goble  
Gary Lyle Christian  
Hyland A. Stokes  
Roger Lancette  
Wallace Butterworth

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THE ARIZONA CORPORATION COMMISSION, AT THE CAPITOL, IN THE CITY OF PHOENIX, THIS 23RD DAY OF November 2001 A.D.



EXECUTIVE SECRETARY

[Signature]

Docket

Arizona Corporation Commission

BEFORE THE ARIZONA CORPORATION COMMISSION

OCT 30 2001

DOCKETED BY	sd
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WILLIAM A. MUNDELL  
Chairman  
JIM IRVIN  
Commissioner  
MARC SPITZER  
Commissioner

In the matter of:

HOTEL CONNECT LLC's #100-1100  
3649 West Beechwood Suite 103  
Fresno, CA 93711

MARK ALAN MELKOWSKI, SR.  
2173 East La Vieve Lane -  
Tempe, AZ 85254

EAGLE COMMUNICATIONS, INC.  
4430 N. Civic Center Plaza #204  
Scottsdale, AZ 85251

RONALD LEE GOBLE, individually and dba  
SOUTHWEST TRUST & FINANCIAL  
6243 East Gelding Drive  
Scottsdale, AZ 85254

GARY LYLE CHRISTIAN, individually and dba  
CORNERSTONE SENIOR PLANNING  
7015 West Firebird Drive  
Glendale, AZ 85308

HYLAND A. STOKES, individually and dba  
ESTATE PLANNING PROTECTION  
5570 East Via Montoya Drive  
Phoenix, AZ 85054

ROGER LANCETTE, individually and dba  
NATIONAL ESTATE SERVICE AND  
PLANNING and SENIOR ADVISORY  
SERVICES  
6857 East Montreal Place  
Scottsdale, Arizona 85254

WALLACE BUTTERWORTH, individually and  
dba SENIOR ADVISORY SERVICES  
1411 East Orangewood Avenue #239  
Phoenix, AZ 85020  
CRD #728693

Respondents.

) Docket No. S-03444A-01-0000

) ORDER TO CEASE AND DESIST,  
) ORDER OF RESTITUTION, ORDER  
) FOR ADMINISTRATIVE PENALTIES  
) AND CONSENT TO SAME

) RE: ROGER LANCETTE, individually and  
) dba NATIONAL ESTATE SERVICE AND  
) PLANNING and SENIOR ADVISORY  
) SERVICES

) DECISION NO. 64185

Respondent Roger Lancette, individually and doing business as National Estate Service and Planning and Senior Advisory Services ("RESPONDENT"), elects to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order of Restitution, and Order for Administrative Penalties ("Order"). The aforesaid RESPONDENT admits the jurisdiction of the Arizona Corporation Commission ("Commission"); admits only for purposes of this proceeding and any other administrative proceedings before the Commission or any other agency of the state of Arizona, the Findings of Fact and Conclusions of Law contained in this Order; and consents to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. RESPONDENT, whose last known address is 6857 East Montreal Place, Scottsdale, Arizona 85254, was never registered with the Commission as a securities salesman. RESPONDENT is, and was at all times pertinent hereto, licensed by the Arizona Department of Insurance as an insurance salesman.

A. Sales and Marketing Network for "Alternative" Investments.

2. From around October 1998 through July 1999, Respondent Mark Alan Melkowski ("Melkowski") recruited several licensed insurance salesmen including RESPONDENT to contract as sales agents for Respondent Hotel Connect LLCs ("Hotel Connect") and World Cash Providers, LLC ("World Cash") to sell "alternative" investments to their clients. Alternative investments included membership interests in Hotel Connect and World Cash business opportunities. Melkowski and his company, Eagle Communications, Inc. aka Eagle One Communications, Inc., acted as a managing sales agent for Hotel Connect and World Cash, assisting these companies by providing RESPONDENT with necessary investor paperwork, training, processing investor documents, and paying RESPONDENT commissions based upon the amount of money invested through his sales

1 and marketing efforts. Melkowski negotiated commission splits individually with RESPONDENT  
2 and paid him up to 20% of the amount invested in these alternative investments.

3 3. Hotel Connect and World Cash provided joint sales conferences and training sessions  
4 for agents on how to sell the LLC membership interests and the World Cash business opportunities  
5 programs.

6 4. Unknown to RESPONDENT, on February 8, 2000, the California Department of  
7 Corporations ("DOC") found that the World Cash business opportunities were securities sold in  
8 violation of California law, and ordered World Cash and some of its principals, managers and  
9 marketers to stop selling these business opportunities in California.

10 5. In or around February 2000, after the California DOC ordered World Cash to desist  
11 and refrain from further sales of business opportunities in California, RESPONDENT stopped selling  
12 Hotel Connect and World Cash products and started selling business opportunities for Mobile Cash  
13 Systems, LLC ("Mobile Cash").

14 6. RESPONDENT solicited some of his investors through seminars advertised to the  
15 general public, followed by visits to the investors' homes.

16 7. RESPONDENT encouraged his insurance clients to sell their annuities to invest in  
17 these "alternative" investments. Some investors sustained penalties or termination charges upon  
18 the termination of their annuity contracts, and then, upon RESPONDENT's recommendation,  
19 used the funds to purchase the "alternative" investments.

20 B. Description of the Hotel Connect Offerings.

21 8. From in or around October 1998 until February 2000, RESPONDENT offered and  
22 sold within and from Arizona membership interests in Hotel Connect #100-1100 LLC's to  
23 approximately 12 investors. Investors were told that their funds would be used to operate a hotel  
24 long distance and operator service for the purpose of generating a profit for investors.

25 9. The minimum investment for one membership interest in Hotel Connect was \$10,000,  
26 for a projected annualized average 17.6% return for the first five years. Investors were told by

1 salesmen and in sales brochures that the investment provided the investor "high returns with minimal  
2 risk, good collateralization, and liquidity in case of emergency throughout his or her ownership," and  
3 that they could expect annual yields on their investments of 14% during year one, and up to 20%  
4 annual yields during year five.

5 10. While Hotel Connect's subscription documents provide specifically that the  
6 investments "will be sold only to accredited investors," in fact the investments were in many cases  
7 sold to investors who did not meet the definition of an accredited investor as that term is defined  
8 under federal law and adopted under the Securities Act.

9 11. RESPONDENT did not fully disclose all of the risks of the investments in Hotel  
10 Connect.

11 12. Investors in Hotel Connect interests have not received their first annual return, as  
12 promised.

13 C. Description of the "Business Opportunities" Offerings.

14 13. RESPONDENT also offered and sold investments called "business opportunities,"  
15 consisting of the sale of equipment together with service agreements. Investors were to receive  
16 monthly payments resulting from a share of the profits generated from the operation of their  
17 equipment. Investors exercised no managerial or entrepreneurial duties in connection with this  
18 investment, and never even saw the equipment. The profits of the investors were dependent upon the  
19 services provided by the service companies.

20 14. From around January 1999 through January 2000, RESPONDENT sold World Cash  
21 cash ticket machines ("CTMs"), with services provided by World Cash Providers, Inc., based in  
22 Fresno, California, to five investors. Some of the principals of these issuers, collectively referred to  
23 hereafter as "World Cash," were also involved in the management and marketing of the Hotel  
24 Connect membership interests.

25 15. From around January 2000 through June 2000, RESPONDENT offered and sold  
26 Mobile Cash business opportunities investments--substantially similar to the CTM business

opportunities, to 8 investors. These sales involved wireless terminal machines ("WTMs") together with service agreements. The WTMs were handheld wireless cash ticket machines. Mobile Cash was based in Las Vegas, Nevada. The services were to be provided by two companies based in Mesa, Arizona, World Wireless Systems, Inc. ("Wireless") and World Electronic Payment Solutions ("WEPS"). Principals of Mobile Cash, Wireless and WEPS also managed or marketed World Cash business opportunities and Hotel Connect membership interests.

16. Investors in the World Cash CTM business opportunities stopped getting their monthly "revenue" payments in or before June 2000.

17. Investors in the Mobile Cash WTM business opportunities received monthly "revenue" payments, as promised, approximately 90 days after their investments, beginning in April 2000, even though not a single WTM machine was placed in operation. Around March 2001, the "revenue" payments to investors stopped.

18. In connection with the offer or sale of securities within or from Arizona, RESPONDENT directly or indirectly made untrue statements of material fact or omitted to state material facts which were necessary in order to make the statements made not misleading in light of the circumstances under which they were made. RESPONDENT'S conduct includes, but is not limited to, the following:

- a) Not disclosing all of the specific risks involved in these investments.
- b) Not disclosing the financial or background information about the issuers or their principals.
- c) Not disclosing to Hotel Connect investors that there would be inter-company transfers of funds between Hotel Connect and World Cash or other companies.
- d) Representing to CTM investors that their equipment would be delivered within 30 or 60 days of their completed contract, when in fact, many of the CTMs that were purchased were never delivered or placed in service.

1 e) Representing that CTM investors were to receive monthly distributions from the  
2 revenue generated from the operation of their CTMs, when in fact, monthly distributions  
3 were paid to many investors for CTMs that were never placed in service for them.

4 f) Representing that WTM investors were to receive monthly distributions from the  
5 revenue generated from the operation of their WTM's, when in fact, from April through  
6 January 2000, Wireless distributed monthly payments to investors although no equipment  
7 was placed in service for any investors.

8 g) Not disclosing to WTM investors that no WTM's had been placed in service.

9 h) Not disclosing that Wireless and WEPS, the service and processing companies that  
10 were supposed to manage the WTM's to generate revenue for the distributions to investors,  
11 had not even begun service operations.

12 j) Not disclosing background information regarding the principals of the limited  
13 liability companies and the business opportunities, including but not limited to the  
14 following:

15 (1) That on February 8, 2000, the California DOC issued orders finding that the  
16 business opportunities or investment contracts involving CTMs were  
17 securities and ordering World Cash, its presidents, and two Directors of  
18 WEPS, Paul Michael ("Mike") Goodman and John P. Steele, to desist and  
19 refrain from the unlawful sale of these securities in California.

20 (2) That on February 10, 2000, the California DOC filed a lawsuit in  
21 Sacramento County Superior Court against several entities and individuals  
22 including three directors of WEPS, Claude D. Smith, Billy Ray Smith and  
23 Brian T. Griggs, alleging the illegal and fraudulent offer and sale of an  
24 estimated \$20 million of securities in the form of short-term promissory  
25 notes to hundreds of investors, many of them elderly. The funds were  
26 alleged to be used for investments in commercial automated teller

machines, cash ticket machines, and discount telephone service systems in  
economy motel rooms.

II.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
Arizona Constitution and the Securities Act.

2. RESPONDENT offered or sold securities within or from Arizona, within the  
meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. RESPONDENT violated A.R.S. § 44-1841 by offering or selling securities that were  
neither registered nor exempt from registration.

4. RESPONDENT violated A.R.S. § 44-1842 by offering or selling securities while  
neither registered as dealers or salesmen nor exempt from registration.

5. RESPONDENT violated A.R.S. § 44-1991 by making untrue statements or  
misleading omissions of material facts.

6. RESPONDENT's conduct is grounds for a cease and desist order pursuant to A.R.S.  
§ 44-2032.

7. RESPONDENT's conduct is grounds for an order of restitution pursuant to A.R.S. §  
44-2032.

8. RESPONDENT's conduct is grounds for administrative penalties under A.R.S. § 44-  
2036.

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## III.

## ORDER

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3 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and  
4 RESPONDENT's consent to the entry of this Order, the Commission finds that the following relief is  
5 appropriate, in the public interest, and necessary for the protection of investors:

6 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT, his agents,  
7 employees, successors and assigns, permanently cease and desist from violating the Securities Act.

8 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT shall,  
9 jointly and severally with Hotel Connect, pay restitution to Hotel Connect investors shown on the  
10 records of the Commission in the amount of \$610,000, plus interest at the rate of 10% per annum  
11 from the date of each investment, until paid in full. Payment shall be made by cashier's check or  
12 money order payable to the "State of Arizona" to be placed in an interest-bearing account  
13 maintained and controlled by the Arizona Attorney General. The Arizona Attorney General shall  
14 disburse the funds on a pro rata basis to investors. Any funds that the Attorney General is unable to  
15 disburse shall revert to the state of Arizona.

16 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT shall,  
17 jointly and severally with other Respondents who are subject to Decision No. 63680 of the  
18 Commission, pay restitution to CTM investors shown on the records of the Commission in the  
19 amount of \$172,000, plus interest at the rate of 10% per annum from the date of each investment  
20 until paid in full. Payment shall be made by cashier's check or money order payable to the "State  
21 of Arizona" to be placed in an interest-bearing account maintained and controlled by the Arizona  
22 Attorney General. The Arizona Attorney General shall disburse the funds on a pro rata basis to  
23 investors. Any funds that the Attorney General is unable to disburse shall revert to the state of  
24 Arizona.

25 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT shall,  
26 jointly and severally with other Respondents who are subject to Decision No. 63680 of the

1 Commission, pay restitution to WTM investors shown on the records of the Commission in the  
2 amount of \$550,000, plus interest at the rate of 10% per annum from the date of each investment,  
3 until paid in full. Payment shall be made by cashier's check or money order payable to the "State  
4 of Arizona" to be placed in an interest-bearing account maintained and controlled by the Arizona  
5 Attorney General. The Arizona Attorney General shall disburse the funds on a pro rata basis to  
6 investors. Any funds that the Attorney General is unable to disburse shall revert to the state of  
7 Arizona.

8 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENT shall pay  
9 administrative penalties in the amount of \$25,000. Payment shall be made in full by cashier's

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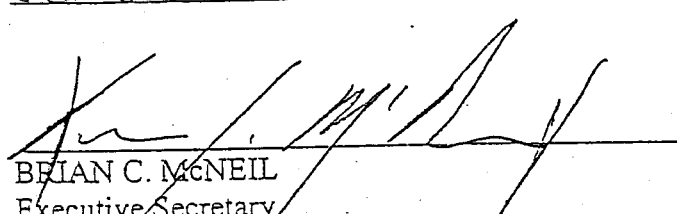
check or money order on the date of this Order, payable to the "State of Arizona." Any amount outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid in full.

IT IS FURTHER ORDERED that this Order shall become effective immediately. All restitution and penalties payments are due upon entry of this Order.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

    
CHAIRMAN COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 20th day of October, 2001.

  
BRIAN C. McNEIL  
Executive Secretary

DISSENT

This document is available in alternative formats by contacting Shelly M. Hood, ADA Coordinator, voice phone number 602-542-3931, E-mail [shood@cc.state.az.us](mailto:shood@cc.state.az.us).

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CONSENT TO ENTRY OF ORDER

1. Respondent Roger Lancette, individually and doing business as National Estate Service and Planning and Senior Advisory Services ("RESPONDENT"), admits the jurisdiction of the Commission over the subject matter of this proceeding. RESPONDENT acknowledges that he has been fully advised of his rights to a hearing to present evidence and call witnesses and RESPONDENT knowingly and voluntarily waives any and all rights to a hearing before the Commission and all other rights otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. RESPONDENT acknowledges that this Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same ("Order") constitutes a valid final order of the Commission.

2. RESPONDENT knowingly and voluntarily waives any right he may have under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

3. RESPONDENT acknowledges and agrees that this Order is entered into freely and voluntarily and that no promise was made or coercion used to induce such entry.

4. RESPONDENT acknowledges that he has been represented by counsel in this matter, he has reviewed this Order and understands all terms it contains.

5. RESPONDENT admits only for purposes of this proceeding and any other administrative proceedings before the Commission or any other agency of the state of Arizona, the Findings of Fact and Conclusions of Law contained in this Order.

6. By consenting to the entry of this Order, RESPONDENT agrees not to take any action or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual basis. RESPONDENT will undertake steps necessary to assure that all of his agents and employees understand and comply with this agreement. Nothing in this provision affects

1 RESPONDENT's testimonial obligations or right to take legal positions in litigation in which an  
2 administrative agency of the state of Arizona is not a party.

3 7. While this Order settles this administrative matter between RESPONDENT and the  
4 Commission, RESPONDENT understands that this Order does not preclude the Commission from  
5 instituting other administrative proceedings based on violations that are not addressed by this Order.

6 8. RESPONDENT understands that this Order does not preclude the Commission from  
7 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
8 that may be related to the matters addressed by this Order.

9 9. RESPONDENT understands that this Order does not preclude any other agency or  
10 officer of the state of Arizona or its subdivisions from instituting administrative, civil or criminal  
11 proceedings that may be related to matters addressed by this Order.

12 10. RESPONDENT agrees that he will never apply to the state of Arizona for  
13 registration as a securities dealer or salesman or for licensure as an investment adviser or  
14 investment adviser representative.

15 11. RESPONDENT agrees that he will not offer or sell, directly or indirectly, securities,  
16 or provide investment advisory services as defined in A.R.S. § 44-3101(5) and (6), within or from  
17 Arizona.

18 12. RESPONDENT agrees that he will not exercise any control over any entity or person  
19 that offers or sells, directly or indirectly, securities, or provides investment advisory services as  
20 defined in A.R.S. § 44-3101(5) and (6), within or from Arizona.

21 13. RESPONDENT agrees that until restitution and penalties are paid in full,  
22 RESPONDENT will notify the Director of the Securities Division within 30 days of any change in  
23 home address or any change in RESPONDENT's ability to pay amounts due under this Order.

24 14. RESPONDENT understands that default shall render him liable to the Commission  
25 for its costs of collection and interest at the maximum legal rate.

26 15. RESPONDENT agrees that he will continue to cooperate with the Securities  
Division including, but not limited to, providing complete and accurate testimony at any hearing in

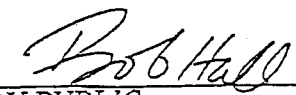
Docket No. S-03444A-01-0000

1 this matter and cooperating with the state of Arizona in any related investigation or any other  
2 matters arising from the activities described in this Order.

3 16. RESPONDENT consents to the entry of this Order and agrees to be fully bound by  
4 its terms and conditions. If RESPONDENT breaches any provision of this Order, the Commission  
5 may vacate this Order and restore this case to its active docket.

6  
7  
8   
9 ROGER LANCETTE

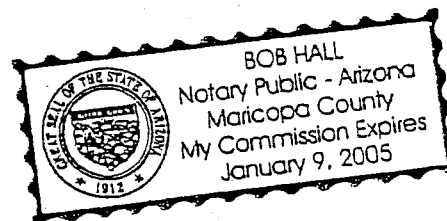
10 SUBSCRIBED AND SWORN TO BEFORE me this 9<sup>th</sup> day of October, 2001.

11  
12   
13 NOTARY PUBLIC

14 My Commission Expires:

15 1-9-05

16 N:\ENFORCE\CASES\WCP.pj\PLEADING\Consent Lancette.doc



<p style="text-align: center;">When Recorded Return To:</p> <p>Janet Napolitano Attorney General Agency Counsel Division/ Bankruptcy &amp; Collection Enforcement Section 1275 West Washington Phoenix, Arizona 85007</p>	<p>Maricopa County Recorder 111 S. Third Ave. Phoenix, AZ 85003</p>
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**JUDGMENT DEBTOR INFORMATION**

Judgment Debtor(s) last known address:
Roger Lancette
6857 E. Montreal Pl.
Scottsdale, AZ 85254

Judgment Debtor(s) address of receipt of summons
N/A

Judgment Debtor(s) date of birth:	N/A
Judgment Debtor(s) Drivers License No.	N/A
Judgment Debtor(s) SS#:	N/A
Judgment Balance:	\$1,332,000.00

Creditor Address:
<p>Janet Napolitano Attorney General David J. Dir 003606 Assistant Attorney General 1275 West Washington Phoenix, Arizona 85007-1298 (602) 542-1719</p>

**County Recorder**  
**Information Statement**  
**Pursuant to A.R.S. §33-967(A)**

4



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MICHAEL K. JONES, CLERK  
BY *[Signature]* DEP  
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STATE OF ARIZONA  
CORPORATION COMMISSION

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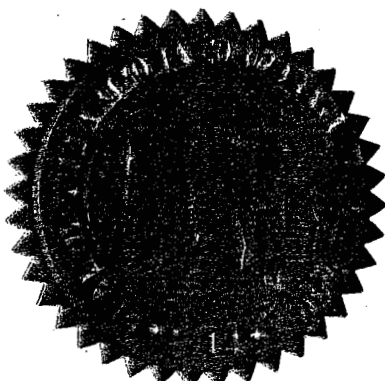
To all to Whom these Presents shall Come Greeting:

I, BRIAN C. MCNEIL, EXECUTIVE SECRETARY OF THE ARIZONA CORPORATION COMMISSION, DO HEREBY CERTIFY THAT

The attached are true, complete and correct copies of the ORDER TO CEASE AND DESIST, ORDER OF RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME, as issued by this Commission on November 8, 2001, in DOCKET NO. S-03444A-01-0000, IN THE MATTER OF:

Hotel Connect LLC's #100-1100  
Mark Alan Melkowski, Sr.  
Eagle Communications, Inc.  
Ronald Lee Goble  
Gary Lyle Christian  
Hyland A. Stokes  
Roger Lancette  
Wallace Butterworth

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THE ARIZONA CORPORATION COMMISSION, AT THE CAPITOL, IN THE CITY OF PHOENIX, THIS 10TH DAY OF December 2001 A.D.



*[Signature]*  
EXECUTIVE SECRETARY

BEFORE THE ARIZONA CORPORATION COMMISSION  
Arizona Corporation Commission  
**DOCKETED**

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DOCKETED BY

UP

) Docket No. S-03444A-01-0000

) ORDER TO CEASE AND DESIST,  
) ORDER OF RESTITUTION, ORDER  
) FOR ADMINISTRATIVE PENALTIES  
) AND CONSENT TO SAME

) RE: GARY L. CHRISTIAN, individually  
) and dba CORNERSTONE SENIOR  
) PLANNING

) DECISION NO. 64202

WILLIAM A. MUNDELL

Chairman

JIM IRVIN

Commissioner

MARC SPITZER

Commissioner

In the matter of:

HOTEL CONNECT LLC's #100-1100  
3649 West Beechwood Suite 103  
Fresno, CA 93711

MARK ALAN MELKOWSKI, SR.  
2173 East La Vieve Lane  
Tempe, AZ 85254

EAGLE COMMUNICATIONS, INC.  
4430 N. Civic Center Plaza #204  
Scottsdale, AZ 85251

RONALD LEE GOBLE, individually and dba  
SOUTHWEST TRUST & FINANCIAL  
6243 East Gelding Drive  
Scottsdale, AZ 85254

GARY LYLE CHRISTIAN, individually and dba  
CORNERSTONE SENIOR PLANNING  
7015 West Firebird Drive  
Glendale, AZ 85308

HYLAND A. STOKES, individually and dba  
ESTATE PLANNING PROTECTION  
5570 East Via Montoya Drive  
Phoenix, AZ 85054

ROGER LANCETTE, individually and dba  
NATIONAL ESTATE SERVICE AND  
PLANNING and SENIOR ADVISORY  
SERVICES  
6857 East Montreal Place  
Scottsdale, Arizona 85254

WALLACE BUTTERWORTH, individually and  
dba SENIOR ADVISORY SERVICES  
1411 East Orangewood Avenue #239  
Phoenix, AZ 85020  
CRD #728693

Respondents.

Respondent Gary Lyle Christian, individually and doing business as Cornerstone Senior Planning ("RESPONDENT"), elects to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order of Restitution, and Order for Administrative Penalties ("Order"). The aforesaid RESPONDENT admits the jurisdiction of the Arizona Corporation Commission ("Commission"); admits only for purposes of this proceeding and any other administrative proceedings before the Commission or any other agency of the state of Arizona, the Findings of Fact and Conclusions of Law contained in this Order; and consents to the entry of this Order by the Commission.

#### I.

#### FINDINGS OF FACT

1. RESPONDENT, whose last known address is 7015 West Firebird Drive, Glendale, Arizona 85308, was never registered with the Commission as a securities salesman. RESPONDENT is, and was at all times pertinent hereto, licensed by the Arizona Department of Insurance as an insurance salesman.

##### A. Sales and Marketing Network for "Alternative" Investments.

2. From around October 1998, Respondent Mark Alan Melkowski ("Melkowski") recruited several licensed insurance agents, including RESPONDENT, to contract as sales agents for Eagle Communications, Inc. ("Eagle") and to sell "alternative" investments to their clients. The alternative investments included membership interests in Respondent Hotel Connect LLC's ("Hotel Connect") and World Cash Providers, LLC ("World Cash") business opportunities. Melkowski and Eagle acted as managing sales agent for Hotel Connect and World Cash, assisting these companies by providing RESPONDENT with necessary investor paperwork, training, processing investor documents and paying RESPONDENT commissions based upon the amount of money invested through his sales and marketing efforts. RESPONDENT received commissions up to 20% of the amount of funds he raised from the sale of these alternative investments.

1           3.     Hotel Connect and World Cash provided joint sales conferences and training sessions  
2 for agents on how to sell the LLC membership interests and the World Cash business opportunities  
3 programs.

4           4.     In or about October 1999, top sales producers, including RESPONDENT, were  
5 rewarded for high volume sales with a "getaway" trip and seminar held in New Orleans. Several  
6 training sessions and seminars were held in Fresno, California through late 1999.

7           5.     On February 8, 2000, the California Department of Corporations ("DOC") found  
8 that the World Cash business opportunities were securities sold in violation of California law, and  
9 ordered World Cash and some of its principals, managers and marketers to stop selling these  
10 business opportunities in California.

11          6.     In or around February 2000, after the California DOC ordered World Cash to desist  
12 and refrain from further sales of business opportunities in California, RESPONDENT stopped selling  
13 Hotel Connect and World Cash products and started selling business opportunities for Mobile Cash  
14 Systems, LLC ("Mobile Cash").

15          7.     In or around March 2000, RESPONDENT attended a sales seminar held in Las  
16 Vegas, Nevada, to promote the sale of the Mobile Cash business opportunities, marketed by the same  
17 principals who offered the Hotel Connect and World Cash products.

18          8.     RESPONDENT solicited some of his investors through cold-calls and at seminars  
19 advertised to the general public, followed by visits to the investors' homes.

20           **B.     Description of the Hotel Connect Offerings.**

21          9.     From in or around April 1999 through October 1999, RESPONDENT offered and  
22 sold within and from Arizona membership interests in Hotel Connect #600-900 LLC's to  
23 approximately 13 investors, who invested approximately \$520,000. Investors were told that their  
24 funds would be used to operate a hotel long distance and operator service for the purpose of  
25 generating a profit for investors.  
26

2022/2/21

1        10.     The minimum investment for one membership interest in Hotel Connect was \$10,000,  
2 for a projected annualized average 17.6% return for the first five years. Investors were told by  
3 salesmen and in sales brochures that the investment provided the investor "high returns with minimal  
4 risk, good collateralization, and liquidity in case of emergency throughout his or her ownership," and  
5 that they could expect annual yields on their investments of 14% during year one, and up to 20%  
6 annual yields during year five.

7        11.     While Hotel Connect's subscription documents provide specifically that the  
8 investments "will be sold only to accredited investors," in fact the investments were in many cases  
9 sold to investors who did not meet the definition of an accredited investor as that term is defined  
10 under federal law and adopted under the Securities Act.

11       12.     RESPONDENT did not fully disclose the risks of the investments in Hotel  
12 Connect.

13       13.     Investors in Hotel Connect interests have not received their first annual return, as  
14 promised.

15       **C.     Description of the "Business Opportunities" Offerings.**

16       14.     RESPONDENT also offered and sold investments called "business opportunities,"  
17 consisting of the sale of equipment together with service agreements. Investors were to receive  
18 monthly payments resulting from a share of the profits generated from the operation of their  
19 equipment. Investors exercised no managerial or entrepreneurial duties in connection with this  
20 investment, and never even saw the equipment. The profits of the investors were dependent upon the  
21 services provided by the service companies.

22       15.     From around September 1999 through January 2000, RESPONDENT sold World  
23 Cash cash ticket machines ("CTMs"), with services provided by World Cash Providers, Inc., based in  
24 Fresno, California, to 22 investors, who invested approximately \$1,109,700. Some of the principals  
25 of these issuers, collectively referred to hereafter as "World Cash," were also involved in the  
26 management and marketing of the Hotel Connect membership interests.

16. From around January 2000 through June 2000, RESPONDENT offered and sold Mobile Cash business opportunities investments--substantially similar to the CTM business opportunities, to 20 investors, who invested approximately \$940,000. These sales involved wireless terminal machines ("WTMs") together with service agreements. The WTMs were handheld wireless cash ticket machines. Mobile Cash was based in Las Vegas, Nevada. The services were to be provided by two companies based in Mesa, Arizona, World Wireless Systems, Inc. ("Wireless") and World Electronic Payment Solutions ("WEPS"). Principals of Mobile Cash, Wireless and WEPS also managed or marketed World Cash business opportunities and Hotel Connect membership interests.

17. Investors in the World Cash CTM business opportunities stopped getting their monthly "revenue" payments in or before June 2000.

18. Investors in the Mobile Cash WTM business opportunities received monthly "revenue" payments, as promised, approximately 90 days after their investments, beginning in April 2000, even though not a single WTM machine was placed in operation. Around March 2001, the "revenue" payments to investors stopped.

19. In connection with the offer or sale of securities within or from Arizona, RESPONDENT directly or indirectly made untrue statements of material fact or omitted to state material facts which were necessary in order to make the statements made not misleading in light of the circumstances under which they were made. RESPONDENT'S conduct includes, but is not limited to, the following:

a) Misrepresenting the safety of these investments and failing to disclose specific risks.

b) Failing to disclose material financial or background information about the issuers or their principals.

c) Failing to disclose to Hotel Connect investors that there would be inter-company transfers of funds between Hotel Connect and World Cash or other companies.

2002/2/21

1 d) Misrepresenting to CTM investors that their equipment would be delivered  
2 within 30 or 60 days of their completed contract. In fact, some investors never had  
3 equipment placed in service for them.

4 e) Failing to disclose that many of the CTMs that were purchased were never  
5 delivered or placed in service.

6 f) Misrepresenting that CTM investors were to receive monthly distributions from the  
7 revenue generated from the operation of their CTMs. In fact, monthly distributions were paid  
8 to many investors for CTMs that were never placed in service for them.

9 g) Misrepresenting that WTM investors were to receive monthly distributions from  
10 the revenue generated from the operation of their WTMs. In fact, from April through January  
11 2000, Wireless distributed monthly payments to investors although no equipment was placed  
12 in service for any investors.

13 h) Failing to disclose to WTM investors that no WTMs had been placed in service.

14 i) Failing to disclose that Wireless and WEPS, the service and processing companies  
15 that were supposed to manage the WTMs to generate revenue for the distributions to  
16 investors, had not even begun service operations.

17 j) Failing to disclose background information regarding the principals of the limited  
18 liability interests and the business opportunities, including but not limited to the following:

19 (1) That on February 8, 2000, the California DOC issued orders finding that the  
20 business opportunities or investment contracts involving CTMs were  
21 securities and ordering World Cash, its presidents, and two Directors of  
22 WEPS, Paul Michael ("Mike") Goodman and John P. Steele, to desist and  
23 refrain from the unlawful sale of these securities in California.

24 (2) That on February 10, 2000, the California DOC filed a lawsuit in  
25 Sacramento County Superior Court against several entities and individuals  
26 including three directors of WEPS, Claude D. Smith, Billy Ray Smith and

Brian T. Griggs, alleging the illegal and fraudulent offer and sale of an estimated \$20 million of securities in the form of short-term promissory notes to hundreds of investors, many of them elderly. The funds were alleged to be used for investments in commercial automated teller machines, cash ticket machines, and discount telephone service systems in economy motel rooms.

## II.

## CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. RESPONDENT offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. RESPONDENT violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. RESPONDENT violated A.R.S. § 44-1842 by offering or selling securities while neither registered as dealers or salesmen nor exempt from registration.

5. RESPONDENT violated A.R.S. § 44-1991(A)(2) by making untrue statements or misleading omissions of material facts.

6. RESPONDENT's conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. RESPONDENT's conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

8. RESPONDENT's conduct is grounds for administrative penalties under A.R.S. § 44-2036.

...



## III.

## ORDER

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2  
3 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and  
4 RESPONDENT's consent to the entry of this Order, the Commission finds that the following relief is  
5 appropriate, in the public interest, and necessary for the protection of investors:

6 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT, his agents,  
7 employees, successors and assigns, permanently cease and desist from violating the Securities Act.

8 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT shall,  
9 jointly and severally with Hotel Connect, pay restitution to Hotel Connect investors shown on the  
10 records of the Commission, pursuant to A.A.C. Rule R14-4-308, in the amount of \$520,000, plus  
11 interest at the rate of 10% per annum from the date of each investment, until paid in full. Payment  
12 shall be made by cashier's check or money order payable to the "State of Arizona" to be placed in  
13 an interest-bearing account maintained and controlled by the Arizona Attorney General. The  
14 Arizona Attorney General shall disburse the funds on a pro rata basis to investors. Any funds that  
15 the Attorney General is unable to disburse shall revert to the state of Arizona.

16 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT shall,  
17 jointly and severally with other Respondents who are subject to Decision No. 63680 of the  
18 Commission, pay restitution to CTM investors shown on the records of the Commission, pursuant  
19 to A.A.C. Rule R14-4-308, in the amount of \$1,109,700, plus interest at the rate of 10% per annum  
20 from the date of each investment until paid in full. Payment shall be made by cashier's check or  
21 money order payable to the "State of Arizona" to be placed in an interest-bearing account  
22 maintained and controlled by the Arizona Attorney General. The Arizona Attorney General shall  
23 disburse the funds on a pro rata basis to investors. Any funds that the Attorney General is unable to  
24 disburse shall revert to the state of Arizona.

25 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT shall,  
26 jointly and severally with other Respondents who are subject to Decision No. 63680 of the

Commission, pay restitution to WTM investors shown on the records of the Commission, pursuant to A.A.C. Rule R14-4-308, in the amount of \$940,000, plus interest at the rate of 10% per annum from the date of each investment, until paid in full. Payment shall be made by cashier's check or money order payable to the "State of Arizona" to be placed in an interest-bearing account maintained and controlled by the Arizona Attorney General. The Arizona Attorney General shall disburse the funds on a pro rata basis to investors. Any funds that the Attorney General is unable to disburse shall revert to the state of Arizona.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENT shall pay administrative penalties in the amount of \$25,000. Payment shall be made in full by cashier's check

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or money order on the date of this Order, payable to the "State of Arizona." Any amount outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid in full.

IT IS FURTHER ORDERED that this Order shall become effective immediately. All restitution and penalties payments are due upon entry of this Order.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 8th day of November, 2001.

BRIAN C. McNEIL  
Executive Secretary

DISSENT

This document is available in alternative formats by contacting Shelly M. Hood, ADA Coordinator, voice phone number 602-542-3931, E-mail [shood@cc.state.az.us](mailto:shood@cc.state.az.us).

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CONSENT TO ENTRY OF ORDER.

1. Respondent Gary Lyle Christian, individually and doing business as Cornerstone Senior Planning ("RESPONDENT"), admits the jurisdiction of the Commission over the subject matter of this proceeding. RESPONDENT acknowledges that he has been fully advised of his rights to a hearing to present evidence and call witnesses and RESPONDENT knowingly and voluntarily waives any and all rights to a hearing before the Commission and all other rights otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. RESPONDENT acknowledges that this Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same ("Order") constitutes a valid final order of the Commission.

2. RESPONDENT knowingly and voluntarily waives any right he may have under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

3. RESPONDENT acknowledges and agrees that this Order is entered into freely and voluntarily and that no promise was made or coercion used to induce such entry.

4. RESPONDENT acknowledges that he has been represented by counsel in this matter, he has reviewed this Order and understands all terms it contains.

5. RESPONDENT admits only for purposes of this proceeding and any other administrative proceeding before the Commission or any other agency of the state of Arizona the Findings of Fact and Conclusions of Law contained in this Order.

6. By consenting to the entry of this Order, RESPONDENT agrees not to take any action or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual basis. RESPONDENT will undertake steps necessary to assure that all of his agents and employees understand and comply with this agreement. Nothing in this provision affects

1 RESPONDENT's testimonial obligations or right to take legal positions in litigation in which an  
2 administrative agency of the state of Arizona is not a party.

3 7. While this Order settles this administrative matter between RESPONDENT and the  
4 Commission, RESPONDENT understands that this Order does not preclude the Commission from  
5 instituting other administrative proceedings based on violations that are not addressed by this Order.

6 8. RESPONDENT understands that this Order does not preclude the Commission from  
7 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
8 that may be related to the matters addressed by this Order.

9 9. RESPONDENT understands that this Order does not preclude any other agency or  
10 officer of the state of Arizona or its subdivisions from instituting administrative, civil or criminal  
11 proceedings that may be related to matters addressed by this Order.

12 10. RESPONDENT agrees that he will not apply for registration as a securities dealer or  
13 salesman pursuant to the Securities Act of Arizona, A.R.S. § 44-1801, et seq., or for licensure as an  
14 investment adviser or investment adviser representative pursuant to the Arizona Investment  
15 Management Act, A.R.S. § 44-3101 et seq., for a period of one year and until all restitution is paid  
16 pursuant to this Order.

17 11. RESPONDENT agrees that he will not offer or sell, directly or indirectly, securities,  
18 unless and until he is registered as a securities dealer or salesman pursuant to the Securities Act of  
19 Arizona, A.R.S. § 44-1801, et seq., and he will not provide investment advisory services as defined in  
20 A.R.S. § 44-3101(5) and (6), within or from Arizona, unless and until he is licensed as an investment  
21 adviser or investment adviser representative pursuant to the Arizona Investment Management Act,  
22 A.R.S. § 44-3101 et seq.

23 12. RESPONDENT agrees that he will not exercise managerial authority or ownership of  
24 greater than ten percent (10%) of the outstanding equity interest of any company or entity engaged in  
25 the business of offering or selling, directly or indirectly, securities, or providing investment advisory  
26

Docket No. S-03444A-01-0000

1 services as defined in A.R.S. § 44-3101(5) and (6), within or from Arizona, for a period of one year  
2 and until all restitution is paid pursuant to this Order.

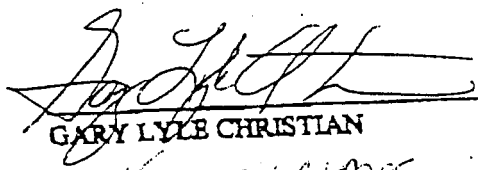
3 13. This agreement and Order shall be binding upon RESPONDENT's agents,  
4 employees, assigns, and representatives acting under the authority of or at the direction of  
5 RESPONDENT.

6 14. RESPONDENT agrees that until restitution and penalties are paid in full,  
7 RESPONDENT will notify the Director of the Securities Division within 30 days of any change in  
8 home address or any change in RESPONDENT's ability to pay amounts due under this Order.

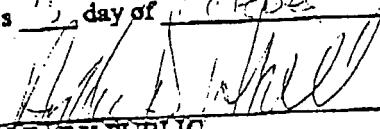
9 15. RESPONDENT understands that default shall render him liable to the Commission  
10 for its costs of collection and interest at the maximum legal rate.

11 16. RESPONDENT agrees that he will continue to cooperate with the Securities  
12 Division including, but not limited to, providing complete and accurate testimony at any hearing in  
13 this matter and cooperating with the state of Arizona in any related investigation or any other  
14 matters arising from the activities described in this Order.

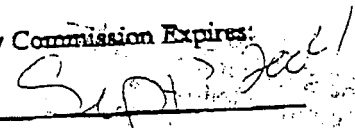

15 17. RESPONDENT consents to the entry of this Order and agrees to be fully bound by  
16 its terms and conditions. If RESPONDENT breaches any provision of this Order, the Commission  
17 may vacate this Order and restore this case to its active docket.

18  
19   
GARY LYLE CHRISTIAN

20 SUBSCRIBED AND SWORN TO BEFORE me this 15 day of October, 2001.

21  
22   
NOTARY PUBLIC

23 My Commission Expires:

24   
25   
26 NAENFORCECASES(WCP.R)PLEADING(Final Consent Christian)2.000

OFFICIAL SEAL  
ANGELA D. HUKILL  
Notary Public - State of Arizona  
MARICOPA COUNTY  
My Comm. Expires Sept. 3, 2004

11/27/2011

<p>When Recorded Return To:</p> <p>Janet Napolitano Attorney General Agency Counsel Division/ Bankruptcy &amp; Collection Enforcement Section 1275 West Washington Phoenix, Arizona 85007</p>	<p>Maricopa County Recorder 111 S. Third Ave. Phoenix, AZ 85003</p>
---	---

**JUDGMENT DEBTOR INFORMATION**

Judgment Debtor(s) last known address:
Gary Lyle Christian
7015 W. Firebird Dr.
Glendale, AZ 85308

Judgment Debtor(s) address of receipt of summons
N/A

Judgment Debtor(s) date of birth:	N/A
Judgment Debtor(s) Drivers License No.	N/A
Judgment Debtor(s) SS#:	N/A
Judgment Balance:	\$2,569,700.00

Creditor Address:
<p>Janet Napolitano Attorney General David J. Dir 003606 Assistant Attorney General 1275 West Washington Phoenix, Arizona 85007-1298 (602) 542-1719</p>

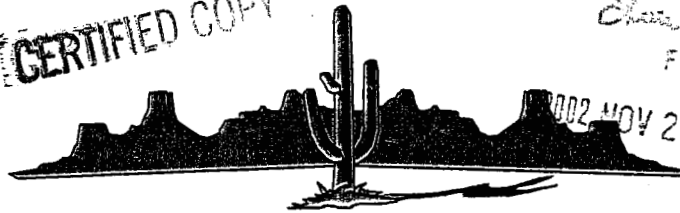
**County Recorder  
Information Statement  
Pursuant to A.R.S. §33-967(A)**

5





CERTIFIED COPY



MICHAEL J. JENKINS, CLERK  
BY *Michael Jenkins* DEP  
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STATE OF ARIZONA  
CORPORATION COMMISSION

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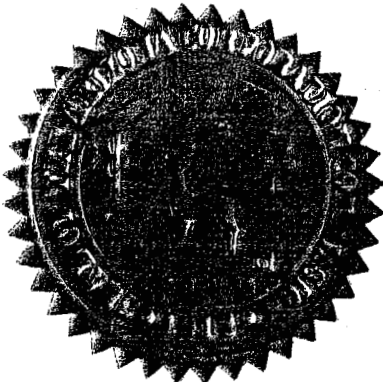
TJ2002-005622

To all to Whom these Presents shall Come Greeting:

I, BRIAN C. MCNEIL, EXECUTIVE SECRETARY OF THE ARIZONA CORPORATION COMMISSION, DO HEREBY CERTIFY THAT

The attached is a true, complete and correct copy of the ORDER TO CEASE AND DESIST, ORDER OF RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES AND CONSENT TO SAME, as issued by this Commission on November 8, 2001, in DOCKET NO. S-03444A-01-0000, IN THE MATTER OF: \_\_\_\_\_

Hotel Connect LLC's #100-1100  
Mark Alan Melkowski, Sr.  
Eagle Communications, Inc.  
Ronald Lee Goble  
Gary Lyle Christian  
Hyland A. Stokes  
Roger Lancette  
Wallace ButterWorth



IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THE ARIZONA CORPORATION COMMISSION, AT THE CAPITOL, IN THE CITY OF PHOENIX, THIS 17TH DAY OF January 2002 A.D.

*Brian C. McNeil*  
EXECUTIVE SECRETARY

Docket

2002112914

BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

NOV 08 2001

DOCKETED BY

CLP

WILLIAM A. MUNDELL  
Chairman  
JIM IRVIN  
Commissioner  
MARC SPITZER  
Commissioner

In the matter of:

HOTEL CONNECT LLC's #100-1100  
3649 West Beechwood Suite 103  
Fresno, CA 93711

MARK ALAN MELKOWSKI, SR.  
2173 East La Vieve Lane  
Tempe, AZ 85254

EAGLE COMMUNICATIONS, INC.  
4430 N. Civic Center Plaza #204  
Scottsdale, AZ 85251

RONALD LEE GOBLE, individually and dba  
SOUTHWEST TRUST & FINANCIAL  
6243 East Gelding Drive  
Scottsdale, AZ 85254

GARY LYLE CHRISTIAN, individually and dba  
CORNERSTONE SENIOR PLANNING  
7015 West Firebird Drive  
Glendale, AZ 85308

HYLAND A. STOKES, individually and dba  
ESTATE PLANNING PROTECTION  
5570 East Via Montoya Drive  
Phoenix, AZ 85054

ROGER LANCETTE, individually and dba  
NATIONAL ESTATE SERVICE AND  
PLANNING and SENIOR ADVISORY  
SERVICES  
6857 East Montreal Place  
Scottsdale, Arizona 85254

WALLACE BUTTERWORTH, individually and  
dba SENIOR ADVISORY SERVICES  
1411 East Orangewood Avenue #239  
Phoenix, AZ 85020  
CRD #728693

Respondents.

) Docket No. S-03444A-01-0000

) ORDER TO CEASE AND DESIST,  
) ORDER OF RESTITUTION, ORDER  
) FOR ADMINISTRATIVE PENALTIES  
) AND CONSENT TO SAME

) RE: HYLAND A. STOKES and ESTATE  
) PLANNING PROTECTION, INC.

) DECISION NO. 64203

Respondents Hyland A. Stokes ("Stokes") and Estate Planning Protection, Inc. ("RESPONDENTS") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order of Restitution, and Order for Administrative Penalties ("Order"). The aforesaid RESPONDENTS admit the jurisdiction of the Arizona Corporation Commission ("Commission"); admit only for purposes of this proceeding and any other administrative proceedings before the Commission or any other agency of the state of Arizona, the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. Stokes, whose last known address is 5570 East Via Montoya Drive, Phoenix, Arizona 85054, and Estate Planning Protection, Inc., whose last known address is 11811 N. Tatum Blvd., Ste 3031, Phoenix, Arizona 85028, were never registered with the Commission as securities salesmen or dealers. Stokes is, and was at all times pertinent hereto, licensed by the Arizona Department of Insurance as an insurance salesman.

A. Sales and Marketing Network for "Alternative" Investments.

2. In or around October 1998, Respondent Mark Alan Melkowski ("Melkowski") recruited several licensed insurance salesmen including the RESPONDENTS to contract as sales agents for Hotel Connect #100-2000 LLC ("Hotel Connect") and World Cash Providers, LLC ("World Cash") to sell "alternative" investments to their clients. Melkowski acted as a managing sales agent for Hotel Connect and World Cash, assisting these companies by providing the sales agents with necessary investor paperwork, training the salesmen, processing investor documents, and paying commissions based upon the amount of money invested through their sales and marketing efforts. RESPONDENTS received commissions up to 20% of the funds they raised from investors from the sale of these "alternative" investments.

3. Hotel Connect and World Cash provided joint sales conferences and training sessions for agents on how to sell the LLC membership interests and the World Cash business opportunities programs.

4. In late 1998 or early 1999, top sales producers, including RESPONDENTS, were rewarded for high volume sales with a "getaway" trip and seminar held in New Orleans. Several training sessions and seminars were held in Fresno, California through late 1999.

5. On February 8, 2000, the California Department of Corporations ("DOC") found that the CTM business opportunities were securities sold in violation of California law, and ordered World Cash and some of its principals, managers and marketers to stop selling these business opportunities in California.

6. In or around February 2000, after the California DOC ordered World Cash to desist and refrain from further sales of business opportunities in California, RESPONDENTS stopped selling Hotel Connect and World Cash products.

7. In or around March 2000, RESPONDENTS attended a sales seminar held in Las Vegas, Nevada, to promote the sale of Mobile Cash Systems, LLC ("Mobile Cash") business opportunities, a new program marketed by the same principals who offered the Hotel Connect and the World Cash products.

8. RESPONDENTS solicited some of their investors through cold-calls and at seminars advertised to the general public, followed by visits to the investors' homes.

**B. Description of the Hotel Connect Offerings.**

9. From in or around October 1998 until February 2000, RESPONDENTS offered and sold within and from Arizona membership interests in Hotel Connect #100-1100 LLCs to approximately 24 investors, who invested approximately \$1,120,000. Investors were told that their funds would be used to operate a hotel long distance and operator service for the purpose of generating a profit for investors.

10. The minimum investment for one membership interest in Hotel Connect was \$10,000, for a projected annualized average 17.6% return for the first five years. Investors were told by salesmen and in sales brochures that the investment provided the investor "high returns with minimal risk, good collateralization, and liquidity in case of emergency throughout his or her ownership," and that they could expect annual yields on their investments of 14% during year one, and up to 20% annual yields during year five.

11. While Hotel Connect's subscription documents provide specifically that the investments "will be sold only to accredited investors," in fact the investments were in many cases sold to investors who did not meet the definition of an accredited investor as that term is defined under federal law and adopted under the Securities Act.

12. RESPONDENTS did not fully disclose the risks of the investments in Hotel Connect.

13. Investors in Hotel Connect interests have not received their first annual return, as promised.

**C. Description of the "Business Opportunities" Offerings.**

14. RESPONDENTS also offered and sold investments called "business opportunities," consisting of the sale of equipment together with service agreements. Investors were to receive monthly payments resulting from a share of the profits generated from the operation of their equipment. Investors exercised no managerial or entrepreneurial duties in connection with this investment, and never even saw the equipment. The profits of the investors were dependent upon the services provided by the service companies.

15. From around January 1999 through January 2000, RESPONDENTS sold World Cash Providers, LLC cash ticket machines ("CTMs"), with services provided by World Cash Providers, Inc., based in Fresno, California, to 6 investors, who invested approximately \$164,500. Some of the principals of these issuers, collectively referred to hereafter as "World Cash," were also involved in the management and marketing of the Hotel Connect membership interests.

1 16. From around January 2000 through June 2000, RESPONDENTS offered and sold  
2 Mobile Cash business opportunities investments--substantially similar to the CTM business  
3 opportunities, to 5 investors, who invested approximately \$300,000. These sales involved wireless  
4 terminal machines ("WTMs") together with service agreements. The WTMs were handheld wireless  
5 cash ticket machines. Mobile Cash was based in Las Vegas, Nevada. The services were to be  
6 provided by two companies based in Mesa, Arizona, World Wireless Systems, Inc. ("Wireless") and  
7 World Electronic Payment Solutions ("WEPS"). Principals of Mobile Cash, Wireless and/or WEPS  
8 also managed or marketed World Cash business opportunities and Hotel Connect membership  
9 interests.

10 17. Investors in the World Cash CTM business opportunities stopped getting their  
11 monthly "revenue" payments in or before June 2000.

12 18. Investors in the Mobile Cash WTM business opportunities received monthly  
13 "revenue" payments, as promised, approximately 90 days after their investments, beginning in  
14 April 2000, even though not a single WTM machine was placed in operation. Around March  
15 2001, the "revenue" payments to investors stopped.

16 19. In connection with the offer or sale of securities within or from Arizona,  
17 RESPONDENTS directly or indirectly made untrue statements of material fact or omitted to state  
18 material facts which were necessary in order to make the statements made not misleading in light of  
19 the circumstances under which they were made. RESPONDENTS' conduct relating to the offer and  
20 sale of these securities includes, but is not limited to, the following:

21 a) Misrepresenting the safety of these investments and failing to disclose specific  
22 risks.

23 b) Failing to disclose material financial or background information about the  
24 issuers or their principals.

25 c) Failing to disclose to Hotel Connect investors that there would be inter-  
26 company transfers of funds between Hotel Connect and World Cash or other companies.

1 d) Misrepresenting to CTM investors that their equipment would be delivered  
2 within 30 or 60 days of their completed contract. In fact, some investors never had  
3 equipment placed in service for them.

4 e) Failing to disclose that many of the CTMs that were purchased were never  
5 delivered or placed in service.

6 f) Misrepresenting that CTM investors were to receive monthly distributions from the  
7 revenue generated from the operation of their CTMs. In fact, monthly distributions were paid  
8 to many investors for CTMs that were never placed in service for them.

9 g) Misrepresenting that WTM investors were to receive monthly distributions from  
10 the revenue generated from the operation of their WTMs. In fact, from April through January  
11 2000, Wireless distributed monthly payments to investors although no equipment was placed  
12 in service for any investors.

13 h) Failing to disclose to WTM investors that no WTMs had been placed in service.

14 i) Failing to disclose that Wireless and WEPS, the service and processing companies  
15 that were supposed to manage the WTMs to generate revenue for the distributions to  
16 investors, had not even begun service operations.

17 j) Failing to disclose background information regarding the principals of the limited  
18 liability interests and the business opportunities, including but not limited to the following:

19 (1) That on February 8, 2000, the California DOC issued orders finding that the  
20 business opportunities or investment contracts involving CTMs were  
21 securities and ordering World Cash, its presidents, and two Directors of  
22 WEPS, Paul Michael ("Mike") Goodman and John P. Steele, to desist and  
23 refrain from the unlawful sale of these securities in California.

24 (2) That on February 10, 2000, the California DOC filed a lawsuit in  
25 Sacramento County Superior Court against several entities and individuals  
26 including three directors of WEPS, Claude D. Smith, Billy Ray Smith and

Brian T. Griggs, alleging the illegal and fraudulent offer and sale of an estimated \$20 million of securities in the form of short-term promissory notes to hundreds of investors, many of them elderly. The funds were alleged to be used for investments in commercial automated teller machines, cash ticket machines, and discount telephone service systems in economy motel rooms.

## II.

### CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. RESPONDENTS offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. RESPONDENTS violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. RESPONDENTS violated A.R.S. § 44-1842 by offering or selling securities while neither registered as dealers or salesmen nor exempt from registration.

5. RESPONDENTS violated A.R.S. § 44-1991(A)(2) by offering or selling securities within or from Arizona by making untrue statements or misleading omissions of material facts.

6. RESPONDENTS' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

7. RESPONDENTS' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

8. RESPONDENTS' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

...



## III.

## ORDER

1  
2  
3 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and  
4 RESPONDENTS' consent to the entry of this Order, the Commission finds that the following relief  
5 is appropriate, in the public interest, and necessary for the protection of investors:

6 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS, their agents,  
7 employees, successors and assigns, permanently cease and desist from violating the Securities Act.

8 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS shall,  
9 jointly and severally with Hotel Connect, pay restitution to Hotel Connect investors shown on the  
10 records of the Commission, pursuant to A.A.C. Rule R14-4-308, in the amount of \$1,120,000, plus  
11 interest at the rate of 10% per annum from the date of each investment, until paid in full. If  
12 additional Hotel Connect investors are later discovered, RESPONDENTS shall pay claims of those  
13 investors under the terms of this Order. Payment shall be made by cashier's check or money order  
14 payable to the "State of Arizona" to be placed in an interest-bearing account maintained and  
15 controlled by the Arizona Attorney General. The Arizona Attorney General shall disburse the  
16 funds on a pro rata basis to investors. Any funds that the Attorney General is unable to disburse  
17 shall revert to the state of Arizona.

18 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS shall,  
19 jointly and severally with other Respondents who are subject to Decision No. 63680 of the  
20 Commission, pay restitution to CTM investors shown on the records of the Commission, pursuant  
21 to A.A.C. Rule R14-4-308, in the amount of \$164,500, plus interest at the rate of 10% per annum  
22 from the date of each investment until paid in full. If additional CTM investors are later  
23 discovered, RESPONDENTS shall pay claims of those investors under the terms of this Order.  
24 Payment shall be made by cashier's check or money order payable to the "State of Arizona" to be  
25 placed in an interest-bearing account maintained and controlled by the Arizona Attorney General.  
26

1 The Arizona Attorney General shall disburse the funds on a pro rata basis to investors. Any funds  
2 that the Attorney General is unable to disburse shall revert to the state of Arizona.

3 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS shall,  
4 jointly and severally with other Respondents who are subject to Decision No: 63680 of the  
5 Commission, pay restitution to WTM investors shown on the records of the Commission, pursuant  
6 to A.A.C. Rule R14-4-308, in the amount of \$300,000, plus interest at the rate of 10% per annum  
7 from the date of each investment, until paid in full. If additional WTM investors are later  
8 discovered, RESPONDENTS shall pay claims of those investors under the terms of this Order.  
9 Payment shall be made by cashier's check or money order payable to the "State of Arizona" to be  
10 placed in an interest-bearing account maintained and controlled by the Arizona Attorney General.  
11 The Arizona Attorney General shall disburse the funds on a pro rata basis to investors. Any funds  
12 that the Attorney General is unable to disburse shall revert to the state of Arizona.

13 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENTS, jointly  
14 and severally, shall pay administrative penalties in the amount of \$25,000. Payment shall be made

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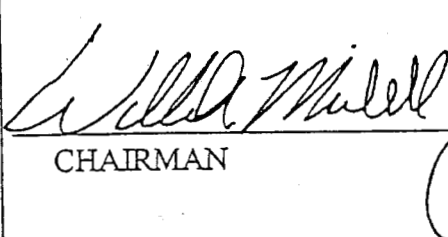
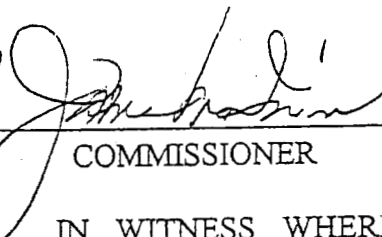
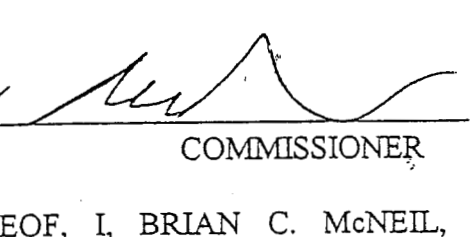
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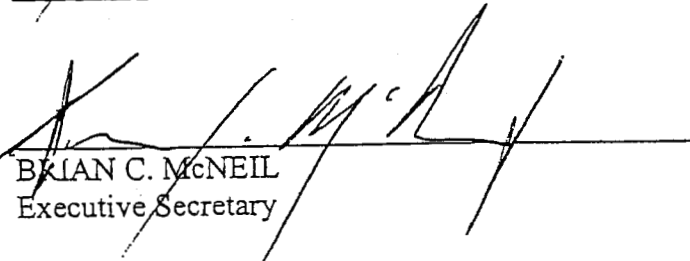
in full by cashier's check or money order on the date of this Order, payable to the "State of Arizona." Any amount outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid in full.

IT IS FURTHER ORDERED that this Order shall become effective immediately. All restitution and penalties payments are due upon entry of this Order.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

 CHAIRMAN  
 COMMISSIONER  
 COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 8th day of November, 2001.

  
 BRIAN C. McNEIL  
 Executive Secretary

DISSENT

This document is available in alternative formats by contacting Shelly M. Hood, ADA Coordinator, voice phone number 602-542-3931, E-mail [shood@cc.statc.az.us](mailto:shood@cc.statc.az.us).

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CONSENT TO ENTRY OF ORDER

1. RESPONDENTS HYLAND A. STOKES and ESTATE PLANNING PROTECTION INC. ("RESPONDENTS") admit the jurisdiction of the Commission over the subject matter of this proceeding. RESPONDENTS acknowledge that they have been fully advised of their rights to a hearing to present evidence and call witnesses and RESPONDENTS knowingly and voluntarily waive any and all rights to a hearing before the Commission and all other rights otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. RESPONDENTS acknowledge that this Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties and Consent to Same ("Order") constitutes a valid final order of the Commission.

2. RESPONDENTS knowingly and voluntarily waive any right they may have under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

3. RESPONDENTS acknowledge and agree that this Order is entered into freely and voluntarily and that no promise was made or coercion used to induce such entry.

4. RESPONDENTS acknowledge that they have been represented by counsel in this matter, they have reviewed this Order and understand all terms it contains.

5. RESPONDENTS admit only for purposes of this proceeding and any other administrative proceeding before the Commission or any other agency of the state of Arizona the Findings of Fact and Conclusions of Law contained in this Order.

6. By consenting to the entry of this Order, RESPONDENTS agrees not to take any action or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual basis. RESPONDENTS will undertake steps necessary to assure that all of their agents and employees understand and comply with this agreement. Nothing in this provision affects

RESPONDENTS' testimonial obligations or right to take legal positions in litigation in which an administrative agency of the state of Arizona is not a party.

7. While this Order settles this administrative matter between RESPONDENTS and the Commission, RESPONDENTS understand that this Order does not preclude the Commission from instituting other administrative proceedings based on violations that are not addressed by this Order.

8. RESPONDENTS understand that this Order does not preclude the Commission from referring this matter to any governmental agency for administrative, civil, or criminal proceedings that may be related to the matters addressed by this Order.

9. RESPONDENTS understand that this Order does not preclude any other agency or officer of the state of Arizona or its subdivisions from instituting administrative, civil or criminal proceedings that may be related to matters addressed by this Order.

10. RESPONDENTS agree that they will not apply to the state of Arizona for registration as a securities dealer or salesman or for licensure as an investment adviser or investment adviser representative for a period of one year and until all restitution is paid pursuant to this Order.

11. RESPONDENTS agree that they will not offer or sell, directly or indirectly, securities, unless and until registered as a securities dealer or salesman pursuant to the Securities Act of Arizona, A.R.S. § 44-1801, et seq., and they will not provide investment advisory services as defined in A.R.S. § 44-3101(5) and (6), within or from Arizona, unless and until licensed as an investment adviser or investment adviser representative pursuant to the Arizona Investment Management Act, A.R.S. § 44-3101 et seq.

12. RESPONDENTS agree that they will not exercise managerial authority or ownership of greater than ten percent (10%) of the outstanding equity interest of any company or entity engaged in the business of offering or selling, directly or indirectly, securities, or providing investment advisory services as defined in A.R.S. § 44-3101(5) and (6), within or from Arizona, for a period of one year and until all restitution is paid pursuant to this Order.

Docket No. S-03444A-01-0000

1 13. This agreement and Order shall be binding upon RESPONDENTS' agents,  
2 employees, assigns, and representatives acting under the authority of or at the direction of  
3 RESPONDENTS.


4 14. RESPONDENTS agree that until restitution and penalties are paid in full,  
5 RESPONDENTS will notify the Director of the Securities Division within 30 days of any change in  
6 home address or any change in RESPONDENTS' ability to pay amounts due under this Order.

7 15. RESPONDENTS understand that default shall render them liable to the Commission  
8 for its costs of collection and interest at the maximum legal rate.

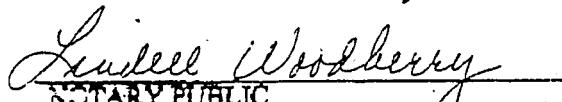
9 16. RESPONDENTS agree that they will continue to cooperate with the Securities  
10 Division including, but not limited to, providing complete and accurate testimony at any hearing in  
11 this matter and cooperating with the state of Arizona in any related investigation or any other  
12 matters arising from the activities described in this Order.

13 17. RESPONDENTS consent to the entry of this Order and agree to be fully bound by  
14 its terms and conditions. If RESPONDENTS breach any provision of this Order, the Commission  
15 may vacate this Order and restore this case to its active docket.

16 18. HYLAND A. STOKES represents that he is President of ESTATE PLANNING  
17 PROTECTION, INC. and has been authorized by ESTATE PLANNING PROTECTION, INC. to  
18 enter into this Order for and on behalf of it.

19  
20   
21 HYLAND A. STOKES

22 SUBSCRIBED AND SWORN TO BEFORE me this 16 day of OCTOBER, 2001.

23   
24 NOTARY PUBLIC

25 My Commission Expires:

26 Sept 30 2003

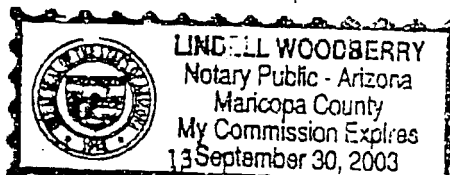


Exhibit No. 64203

202224

DocId: No. 8-03444A-01-0000

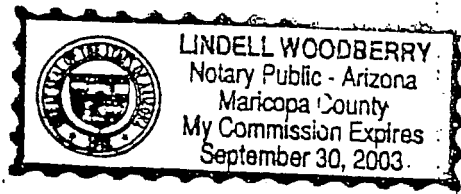
ESTATE PLANNING PROTECTION, INC.

*Hyland A. Stokes*  
By: Hyland A. Stokes, President

SUBSCRIBED AND SWORN TO BEFORE me this 16 day of OCTOBER, 2001.

*Lindell Woodberry*  
NOTARY PUBLIC

My Commission Expires:  
Sept 30, 2003



\\NENFORCE\CASES\WCF\PLEADING\Final Consent Stokes.doc

*[Faint, illegible text, possibly a signature or stamp]*

<p>When Recorded Return To:</p> <p>Janet Napolitano Attorney General Agency Counsel Division/ Bankruptcy &amp; Collection Enforcement Section 1275 West Washington Phoenix, Arizona 85007</p>	<p>Maricopa County Recorder 111 S. Third Ave. Phoenix, AZ 85003</p>
---	---

**JUDGMENT DEBTOR INFORMATION**

Judgment Debtor(s) last known address:
Hyland A. Stokes
5570 E. Via Montoya Dr.
Phoenix, AZ 85054

Judgment Debtor(s) address of receipt of summons:
N/A

Judgment Debtor(s) date of birth:	N/A
Judgment Debtor(s) Drivers License No.	N/A
Judgment Debtor(s) SS#:	N/A
Judgment Balance:	\$1,584,500.00

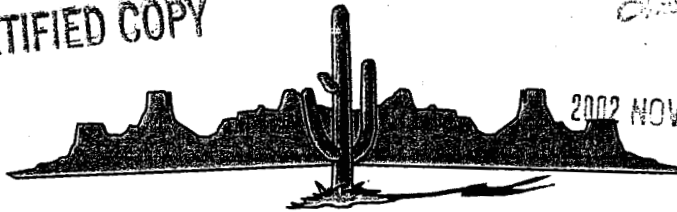
Creditor Address:
<p>Janet Napolitano Attorney General David J. Dir 003606 Assistant Attorney General 1275 West Washington Phoenix, Arizona 85007-1298 (602) 542-1719</p>

**County Recorder  
Information Statement  
Pursuant to A.R.S. §33-967(A)**



6

CERTIFIED COPY



MICHAEL R. JONES, CLERK  
BY *[Signature]* DEP  
FILED

2002 NOV 26 AM 9:06

STATE OF ARIZONA  
CORPORATION COMMISSION

5106918

TJ2002-005618

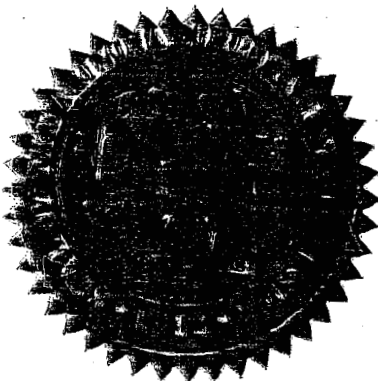
To all to Whom these Presents shall Come Greeting:

I, BRIAN C. MCNEIL, EXECUTIVE SECRETARY OF THE ARIZONA CORPORATION COMMISSION, DO HEREBY CERTIFY THAT

The attached are true, complete and correct copies of the ORDER TO CEASE AND DESIST, ORDER OF RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES, ORDER OF REVOCATION AND CONSENT TO SAME, as issued by this Commission on October 30, 2001, in DOCKET NO. S-03444A-01-0000, IN THE MATTER OF:

Hotel Connect LLC's #100-1100  
Mark Alan Melkowski, Sr.  
Eagle Communications, Inc.  
Ronald Lee Goble  
Gary Lyle Christian  
Hyland A. Stokes  
Roger Lancette  
Wallace Butterworth

IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THE ARIZONA CORPORATION COMMISSION, AT THE CAPITOL, IN THE CITY OF PHOENIX, THIS 23RD DAY OF November 2001 A.D.



*[Signature]*  
EXECUTIVE SECRETARY

BEFORE THE ARIZONA CORPORATION COMMISSION

DOCKETED

OCT 30 2001

DOCKETED BY

*pd*

WILLIAM A. MUNDELL  
Chairman  
JIM IRVIN  
Commissioner  
MARC SPITZER  
Commissioner

In the matter of:

HOTEL CONNECT LLC's #100-1100  
3649 West Beechwood Suite 103  
Fresno, CA 93711

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Respondents.

) Docket No. S-03444A-01-0000

) ORDER TO CEASE AND DESIST,  
) ORDER OF RESTITUTION, ORDER  
) FOR ADMINISTRATIVE PENALTIES,  
) ORDER OF REVOCATION AND  
) CONSENT TO SAME

) RE: WALLACE BUTTERWORTH,  
) individually and dba BUTTERWORTH  
) ADVISORY SERVICES and SENIOR  
) ADVISORY SERVICES

DECISION NO. 64184

Respondent Wallace Butterworth, individually and doing business as Butterworth Advisory Services and Senior Advisory Services ("RESPONDENT"), elects to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order of Restitution, Order for Administrative Penalties, and Order of Revocation ("Order"). The aforesaid RESPONDENT admits the jurisdiction of the Arizona Corporation Commission ("Commission"); admits only for purposes of this proceeding and any other administrative proceedings before the Commission or any other agency of the state of Arizona, the Findings of Fact and Conclusions of Law contained in this Order; and consents to the entry of this Order by the Commission.

I.

FINDINGS OF FACT

1. RESPONDENT, whose last known address is 1411 E. Orangewood Ave. #239, Phoenix, Arizona 85020, was registered with the Commission as a securities salesman with Russian River Financial Services, Inc., an Arizona registered dealer, from on or about December 9, 1999, to August 3, 2001. From on or about April 12, 1995, to December 6, 1999, RESPONDENT was associated with Oak Tree Securities, Inc. ("Oak Tree"), an Arizona registered dealer.

A. Sales and Marketing Network for "Alternative" Investments.

2. Beginning around 1998, RESPONDENT and Roger Lancette collaborated together in Senior Advisory Services, offering financial planning services and products to seniors and retired persons. From around August 1999, RESPONDENT participated with Lancette in the offer and sale within and from Arizona of "alternative investments" including membership interests in Hotel Connect LLCs #700-900 to clients of Senior Advisory Services. Eagle Communications, Inc. ("Eagle") paid all commissions for these joint sales of Hotel Connect to Lancette, who shared those commissions with RESPONDENT.

3. RESPONDENT did not seek or obtain authority from his dealer, Oak Tree, to sell the Hotel Connect limited liability interests, and RESPONDENT failed to report the commissions he

1 received from those sales to his dealer. In addition to his registration as a securities salesman in  
2 Arizona, RESPONDENT is also, and was at all times pertinent hereto, licensed by the Arizona  
3 Department of Insurance as an insurance salesman.

4 4. RESPONDENT solicited some of his investors through cold-calls and at seminars  
5 advertised to the general public, followed by visits to the investors' homes.

6 5. Two of RESPONDENT's insurance clients, a married couple, sold their annuities  
7 to invest in these "alternative" investments. Upon RESPONDENT's recommendation, those two  
8 investors knowingly sustained penalties or termination charges upon the termination of their annuity  
9 contracts, and then, used the funds to purchase the "alternative" investments.

10 B. Description of the Hotel Connect Offerings.

11 6. From in or around July 1999 until February 2000, RESPONDENT offered and sold  
12 or participated in the sale of membership interests in Hotel Connect #700-900 LLC's to four  
13 investors, within and from Arizona. Investors were told that their funds would be used to operate a  
14 hotel long distance and operator service for the purpose of generating a profit for investors.

15 7. The minimum investment for one membership interest in Hotel Connect was \$10,000,  
16 for a projected annualized average 17.6% return for the first five years. Investors were told by  
17 salesmen and in sales brochures that the investment provided the investor "high returns with minimal  
18 risk, good collateralization, and liquidity in case of emergency throughout his or her ownership," and  
19 that they could expect annual yields on their investments of 14% during year one, and up to 20%  
20 annual yields during year five.

21 8. RESPONDENT did not fully disclose the risks of the investments in Hotel  
22 Connect.

23 9. Investors in Hotel Connect interests have not received their first annual return, as  
24 promised.

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26 ...

C. Description of the "Business Opportunities" Offerings.

10. RESPONDENT sold "business opportunities" for Mobile Cash Systems, LLC, consisting of the sale of equipment together with service agreements. Investors were to receive monthly payments resulting from a share of the profits generated from the operation of their equipment. Investors exercised no managerial or entrepreneurial duties in connection with this investment, and never even saw the equipment. The profits of the investors were dependent upon the services provided by the service companies.

11. From around January 2000 through June 2000, RESPONDENT offered and sold or participated in the sale of Mobile Cash business opportunities investments to approximately 14 investors. These sales involved wireless terminal machines ("WTMs") together with service agreements. The WTMs were handheld wireless cash ticket machines. Mobile Cash was based in Las Vegas, Nevada. The services were to be provided by two companies based in Mesa, Arizona, World Wireless Systems, Inc. ("Wireless") and World Electronic Payment Solutions ("WEPS"). Principals of Mobile Cash, Wireless and WEPS also managed or marketed Hotel Connect membership interests.

12. Investors in the Mobile Cash WTM business opportunities received monthly "revenue" payments, as promised, approximately 90 days after their investments, beginning in April 2000, even though not a single WTM machine was placed in operation. Around March 2001, the "revenue" payments to investors stopped.

13. In connection with the offer or sale of securities within or from Arizona, RESPONDENT directly or indirectly made untrue statements of material fact or omitted to state material facts which were necessary in order to make the statements made not misleading in light of the circumstances under which they were made. RESPONDENT'S conduct includes, but is not limited to, the following:

- a) Representing that the investments were safe and failing to disclose specific risks.

1           b) Failing to disclose financial or background information about the issuers or  
2 their principals.

3           c) Failing to disclose to Hotel Connect investors that there would be inter-  
4 company transfers of funds between Hotel Connect and other related companies.

5           d) Representing that WTM investors were to receive monthly distributions from the  
6 revenue generated from the operation of their WTMs. In fact, from April through January  
7 2000, Wireless distributed monthly payments to investors although no equipment was placed  
8 in service for any investors.

9           e) Failing to disclose to WTM investors that no WTMs had been placed in service.

10          f) Failing to disclose that Wireless and WEPS, the service and processing companies  
11 that were supposed to manage the WTMs to generate revenue for the distributions to  
12 investors, had not even begun service operations.

13          g) Failing to disclose background information regarding the principals of the  
14 limited liability interests and the business opportunities, including but not limited to the  
15 fact that on February 10, 2000, the California DOC filed a lawsuit in Sacramento County  
16 Superior Court against several entities and individuals including three directors of WEPS,  
17 Claude D. Smith, Billy Ray Smith and Brian T. Griggs, alleging the illegal and fraudulent  
18 offer and sale of an estimated \$20 million of securities in the form of short-term  
19 promissory notes to hundreds of investors, many of them elderly. The funds were alleged  
20 to be used for investments in commercial automated teller machines, cash ticket machines,  
21 and discount telephone service systems in economy motel rooms.

22          h) Failing to disclose that from August 1999 to December 1999, while registered  
23 under Oak Tree, his participation in the offer and sale of these private securities was not  
24 authorized by his dealer, and that, contrary to his reports to his dealer, he was receiving  
25 compensation for this outside business activity.

## II.

## CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. RESPONDENT offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. RESPONDENT violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. RESPONDENT violated A.R.S. § 44-1991 by making untrue statements or misleading omissions of material facts.

5. RESPONDENT's conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

6. RESPONDENT's conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

7. RESPONDENT's conduct is grounds for administrative penalties under A.R.S. § 44-2036.

8. RESPONDENT is subject an order of revocation pursuant to A.R.S. § 44-1962 based upon the following conduct:

a) RESPONDENT violated §§ 44-1841 and 44-1991 of the Securities Act within the meaning of A.R.S. § 44-1962(A)(2).

b) RESPONDENT engaged in dishonest or unethical practices within the meaning of A.R.S. § 44-1962(A)(10) as defined by A.A.C. R14-4-130(A)(17). Specifically, RESPONDENT's sales of the described securities were not recorded on the records of Oak Tree, the dealer with whom he was registered at the time of at least two transactions from August to December 1999.



1 c) RESPONDENT engaged in dishonest or unethical practices within the  
2 meaning of A.R.S. § 44-1962(A)(10) by not complying with the rules and  
3 procedures of his dealer, Oak Tree. Specifically, RESPONDENT engaged  
4 in outside business activity involving investments without reporting the  
5 activity to Oak Tree or obtaining the approval of Oak Tree to engage in  
6 such activity, and RESPONDENT provided Oak Tree with false statements  
7 concerning his compensation from outside business activity.

## III.

## ORDER

10 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and  
11 RESPONDENT's consent to the entry of this Order, the Commission finds that the following relief is  
12 appropriate, in the public interest, and necessary for the protection of investors:

13 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT, his agents,  
14 employees, successors and assigns, permanently cease and desist from violating the Securities Act.

15 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENT shall,  
16 jointly and severally with Hotel Connect, pay restitution to Hotel Connect investors shown on the  
17 records of the Commission in the amount of \$260,000, plus interest at the rate of 10% per annum  
18 from the date of each investment, until paid in full. Payment shall be made by cashier's check or  
19 money order payable to the "State of Arizona" to be placed in an interest-bearing account  
20 maintained and controlled by the Arizona Attorney General. The Arizona Attorney General shall  
21 disburse the funds on a pro rata basis to investors. Any funds that the Attorney General is unable to  
22 disburse shall revert to the state of Arizona.

23 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents shall, jointly  
24 and severally with Respondents who are subject to Decision No. 63680 of the Commission, pay  
25 restitution to WTM investors shown on the records of the Commission in the amount of \$505,000,  
26 plus interest at the rate of 10% per annum from the date of each investment, until paid in full.

1 Payment shall be made by cashier's check or money order payable to the "State of Arizona" to be  
2 placed in an interest-bearing account maintained and controlled by the Arizona Attorney General.  
3 The Arizona Attorney General shall disburse the funds on a pro rata basis to investors. Any funds  
4 that the Attorney General is unable to disburse shall revert to the state of Arizona.

5 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENT shall pay  
6 administrative penalties in the amount of \$25,000. Payment shall be made in full by cashier's  
7 check or money order on the date of this Order, payable to the "State of Arizona." Any amount  
8 outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid  
9 in full.

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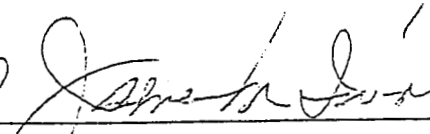
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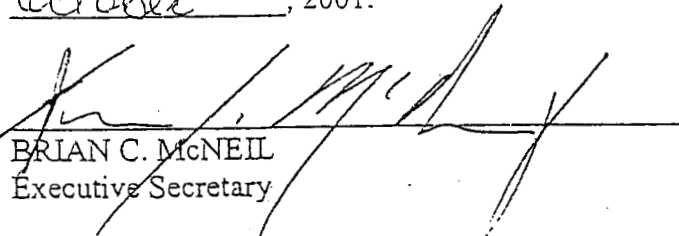
1 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-1962, that RESPONDENT's  
2 securities salesman registration is revoked.

3 IT IS FURTHER ORDERED that this Order shall become effective immediately. All  
4 restitution and penalties payments are due upon entry of this Order.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

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8     
9 CHAIRMAN COMMISSIONER COMMISSIONER

10 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
11 Executive Secretary of the Arizona Corporation  
12 Commission, have hereunto set my hand and caused the  
13 official seal of the Commission to be affixed at the Capitol,  
14 in the City of Phoenix, this 30<sup>th</sup> day of  
15 October, 2001.

16   
17 BRIAN C. McNEIL  
18 Executive Secretary

19 DISSENT

20 This document is available in alternative formats by contacting Shelly M. Hood, ADA Coordinator,  
21 voice phone number 602-542-3931, E-mail [shood@cc.state.az.us](mailto:shood@cc.state.az.us).

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CONSENT TO ENTRY OF ORDER

1. Respondent Wallace Butterworth, individually and doing business as Butterworth Advisory Services and Senior Advisory Services ("RESPONDENT"), admits the jurisdiction of the Commission over the subject matter of this proceeding. RESPONDENT acknowledges that he has been fully advised of his rights to a hearing to present evidence and call witnesses and RESPONDENT knowingly and voluntarily waives any and all rights to a hearing before the Commission and all other rights otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. RESPONDENT acknowledges that this Order To Cease And Desist, Order for Restitution, Order for Administrative Penalties, Order of Revocation and Consent to Same ("Order") constitutes a valid final order of the Commission.

2. RESPONDENT knowingly and voluntarily waives any right he may have under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

3. RESPONDENT acknowledges and agrees that this Order is entered into freely and voluntarily and that no promise was made or coercion used to induce such entry.

4. RESPONDENT acknowledges that he has been represented by counsel in this matter, he has reviewed this Order and understands all terms it contains.

5. RESPONDENT admits only for purposes of this proceeding and any other administrative proceedings before the Commission or any other agency of the state of Arizona, the Findings of Fact and Conclusions of Law contained in this Order.

6. By consenting to the entry of this Order, RESPONDENT agrees not to take any action or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual basis. RESPONDENT will undertake steps necessary to assure that all of his agents and employees understand and comply with this agreement. Nothing in this provision affects

1 RESPONDENT's testimonial obligations or right to take legal positions in litigation in which an  
2 administrative agency of the state of Arizona is not a party.

3 7. While this Order settles this administrative matter between RESPONDENT and the  
4 Commission, RESPONDENT understands that this Order does not preclude the Commission from  
5 instituting other administrative proceedings based on violations that are not addressed by this Order.

6 8. RESPONDENT understands that this Order does not preclude the Commission from  
7 referring this matter to any governmental agency for administrative, civil, or criminal proceedings  
8 that may be related to the matters addressed by this Order.

9 9. RESPONDENT understands that this Order does not preclude any other agency or  
10 officer of the state of Arizona or its subdivisions from instituting administrative, civil or criminal  
11 proceedings that may be related to matters addressed by this Order.

12 10. RESPONDENT agrees that he will never apply to the state of Arizona for  
13 registration as a securities dealer or salesman or for licensure as an investment adviser or  
14 investment adviser representative.

15 11. RESPONDENT agrees that he will not offer or sell, directly or indirectly, securities or  
16 provide investment advisory services, within or from Arizona.

17 12. RESPONDENT agrees that he will not exercise any control over any entity or person  
18 that offers or sells, directly or indirectly, securities or provides investment advisory services, within  
19 or from Arizona.

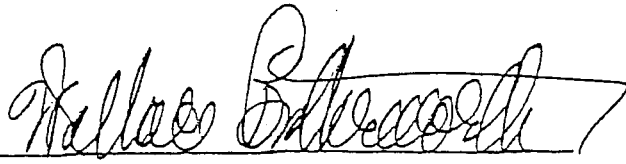
20 13. RESPONDENT agrees that until restitution and penalties are paid in full,  
21 RESPONDENT will notify the Director of the Securities Division within 30 days of any change in  
22 home address or any change in RESPONDENT's ability to pay amounts due under this Order.

23 14. RESPONDENT understands that default shall render him liable to the Commission  
24 for its costs of collection and interest at the maximum legal rate.

25 15. RESPONDENT agrees that he will continue to cooperate with the Securities  
26 Division including, but not limited to, providing complete and accurate testimony at any hearing in

1 this matter and cooperating with the state of Arizona in any related investigation or any other  
2 matters arising from the activities described in this Order.

3 16. RESPONDENT consents to the entry of this Order and agrees to be fully bound by  
4 its terms and conditions. If RESPONDENT breaches any provision of this Order, the Commission  
5 may vacate this Order and restore this case to its active docket.

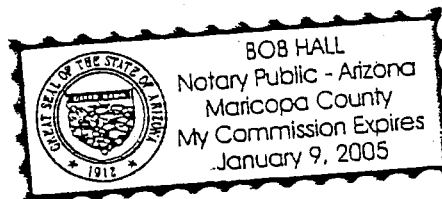
6  
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9 WALLACE BUTTERWORTH

10 SUBSCRIBED AND SWORN TO BEFORE me this 15<sup>th</sup> day of October, 2001.

11  
12   
13 NOTARY PUBLIC

14 My Commission Expires:

15 1-9-05



17 NAENFORCE\CASES\WCP.pj\PLEADING\Consent Butterworth.doc

<p style="text-align: center;">When Recorded Return To:</p> <p>Janet Napolitano Attorney General Agency Counsel Division/ Bankruptcy &amp; Collection Enforcement Section 1275 West Washington Phoenix, Arizona 85007</p>	<p>Maricopa County Recorder 111 S. Third Ave. Phoenix, AZ 85003</p>
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**JUDGMENT DEBTOR INFORMATION**

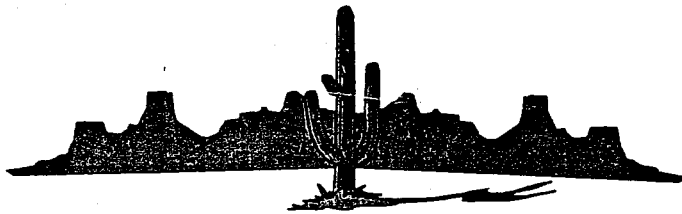
Judgment Debtor(s) last known address:
Wallace Butterworth
1411 E. Orangewood Ave. #239
Phoenix, AZ 85020

Judgment Debtor(s) address of receipt of summons:
N/A

Judgment Debtor(s) date of birth:	N/A
Judgment Debtor(s) Drivers License No.	N/A
Judgment Debtor(s) SS#:	N/A
Judgment Balance:	\$765,000.00

Creditor Address:
<p>Janet Napolitano Attorney General David J. Dir 003606 Assistant Attorney General 1275 West Washington Phoenix, Arizona 85007-1298 (602) 542-1719</p>

**County Recorder**  
**Information Statement**  
**Pursuant to A.R.S. §33-967(A)**



## STATE OF ARIZONA CORPORATION COMMISSION

**To all to Whom these Presents shall Come Greeting:**


I, BRIAN C. MCNEIL, EXECUTIVE SECRETARY OF THE ARIZONA CORPORATION COMMISSION, DO HEREBY CERTIFY THAT

The attached are true, complete and correct copies of the ORDER TO  
CEASE AND DESIST AND CONSENT TO SAME, as issued by this  
Commission on June 28, 2001, in DOCKET NO. S-03441A-01-0000, IN THE  
MATTER OF: \_\_\_\_\_

William E. Bergh  
World Wide Business Opportunities, LLC

**IN WITNESS WHEREOF**, I HAVE HEREUNTO SET MY HAND AND  
AFFIXED THE OFFICIAL SEAL OF THE ARIZONA CORPORATION  
COMMISSION, AT THE CAPITOL, IN THE CITY OF PHOENIX,  
THIS 9TH DAY OF July 2001 A.D.



  
EXECUTIVE SECRETARY



Docket

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

JUN 28 2001

WILLIAM A. MUNDELL

Chairman

JIM IRVIN

Commissioner

MARC SPITZER

Commissioner

DOCKETED BY

sd

In the matter of

WILLIAM E. BERGH, individually and d/b/a

NATIONAL FINANCIAL GROUP

9501 W. Camino De Oro

Peoria, AZ 85382

WORLD WIDE BUSINESS OPPORTUNITIES,  
LLC

11024 N. 28<sup>th</sup> Drive, Suite 200

Phoenix, AZ 85029,

Respondents.

DOCKET NO. S-03441A-01-0000

ORDER TO CEASE AND DESIST,  
ORDER OF RESTITUTION, ORDER  
FOR ADMINISTRATIVE PENALTIES  
AND CONSENT TO SAME

BY: RESPONDENTS WILLIAM E.  
BERGH, individually and d/b/a  
NATIONAL FINANCIAL GROUP and  
WORLD WIDE BUSINESS  
OPPORTUNITIES, LLC

Decision No. 63851

RESPONDENTS WILLIAM E. BERGH, individually and d/b/a NATIONAL FINANCIAL GROUP and WORLD WIDE BUSINESS OPPORTUNITIES, LLC ("RESPONDENTS") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease And Desist, Order of Restitution, and Order for Administrative Penalties ("Order"). RESPONDENTS admit the jurisdiction of the Arizona Corporation Commission ("Commission"); admit only for purposes of this proceeding and any other proceedings before the Commission or any other agency of the State of Arizona, the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

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I.

FINDINGS OF FACT

A. Respondents.

1. WILLIAM E. BERGH ("BERGH"), doing business as NATIONAL FINANCIAL GROUP ("NFG"), is an individual, whose last known address is 9501 W. Camino De Oro, Peoria, Arizona, 85382. BERGH is, and was at all times pertinent hereto, owner and President of WORLD WIDE BUSINESS OPPORTUNITIES, LLC.

2. WORLD WIDE BUSINESS OPPORTUNITIES, LLC ("WWB") is, or was at all pertinent times, located at 11024 N. 28<sup>th</sup> Drive, Suite 200, Phoenix, Arizona, 85029.

3. On April 14, 2000, the Commission entered a Final Order for Relief and Consent to Same in Decision No. 62465 ("Order"), finding that BERGH, NFG, and WWB had sold unregistered securities, including "business opportunities," in violation of Arizona's Securities Act, revoking BERGH's securities salesman registration, and ordering BERGH, NFG and WWB to pay penalties.

B. BERGH Sold Unregistered Securities After the Commission Ordered BERGH to Cease and Desist.

4. From in or around January 1999, BERGH, acting as a sales representative for World Cash Providers, LLC, operating out of California, offered or sold, within and from Arizona, World Cash "business opportunities" involving cash ticket machines ("CTMs") together with service contracts with World Cash Providers, Inc.

5. In February 2000, the State of California Department of Corporations ("DOC") found that the business opportunities sold by World Cash Providers, LLC and World Cash Providers, Inc. (collectively "World Cash") were securities and ordered World Cash to stop selling them in California.

6. On March 24, 2000, after the Securities Division informed BERGH of the alleged violations, BERGH signed a proposed Final Order for Relief and Consent to Same ("Order and Consent"), individually and dba NFG, and as President of WWB, agreeing to cease and desist from the

1 sale of unregistered securities including the World Cash CTM business opportunities, and to the  
2 permanent revocation of BERGH's securities salesman registration.

3 7. On April 14, 2000, the Commission entered the proposed Order, finding, *inter alia*, that  
4 the CTM business opportunities were unregistered securities and that BERGH had sold them in  
5 violation of the Securities Act, and revoking BERGH's securities salesman registration.

6 8. Beginning in or around January 2000, unknown to the Division or the Commission,  
7 BERGH, acting as a sales representative for Mobile Cash Systems, LLC ("Mobile Cash") based in Las  
8 Vegas, Nevada, had started selling another business opportunity program. Like the World Cash CTM  
9 business opportunity program, the Mobile Cash program involved the sale of equipment together with  
10 service contracts, for the purpose of generating a profit for investors. The equipment sold by Mobile  
11 Cash was wireless terminal machines ("WTMs"), marketed by the same promoters who had marketed  
12 the CTMs.

13 9. On April 17, 2000, three weeks after BERGH signed his proposed Order and Consent  
14 and three days after the Commission entered its Order, BERGH sold an \$80,000 investment in WTM  
15 business opportunities to an elderly, blind investor, who relied completely on BERGH for information  
16 concerning her investment.

17 10. On April 19, 2000, the Commission served BERGH by certified mail a copy of the final  
18 Order against him.

19 11. On April 27, 2000, BERGH testified in an examination under oath before the Securities  
20 Division that he believed that the Mobile Cash WTM business opportunity investment program was a  
21 continuation of the World Cash CTM business opportunity investment program, which the  
22 Commission, in its Order against BERGH entered on April 14, 2000, had found to involve the sale of  
23 unregistered securities.

24 12. On or around April 5, 2000, an agent of NFG, Ray Nelson, sold a WTM business  
25 opportunity to an Arizona investor. BERGH submitted the sale to Mobile Cash as new business  
26 transacted by WWB. Mobile Cash paid the commission for the sale to BERGH on or around April 26,

1 2000, after the Order was entered by the Commission on April 14, 2000. BERGH paid a share of his  
2 commission to Nelson.

3 13. On or around May 3, 2000, Ray Nelson, acting as an agent for NFG, sold another WTM  
4 business opportunity to another Arizona investor. BERGH submitted the sale to Mobile Cash as new  
5 business transacted by WWB. Mobile Cash paid the commission for the sale to BERGH on or around  
6 June 28, 2000. BERGH paid a share of his commission to Nelson.

7 C. Description of the Business Opportunity Investment Programs Sold  
8 by BERGH: World Cash CTMs and Mobile Cash WTM.

9 14. The equipment sold by World Cash was cash ticket machines ("CTMs"). Pursuant to the  
10 service contracts promoted with the CTMs, the service companies would manage the equipment for the  
11 purpose of generating a profit for investors. The offering documents for the CTM investment program  
12 and WTM investment program describe the equipment as serving a similar function of allowing  
13 customers of retail food outlets to use credit or debit cards to transact purchases. The primary difference  
14 is that the WTM is wireless handheld machines, whereas the CTMs are stationary terminals similar to  
15 ATMs. CTMs are located at the site of retail merchants and issue tickets to customers that can be used to  
16 purchase food. WTM is placed with retail merchants in order to enable electronic purchase  
17 transactions at the customers' points of delivery. The services offered include locating and installing the  
18 equipment with retail merchants, handling or processing the transactions, monitoring and maintaining the  
19 equipment, insuring the equipment, and issuing monthly profit distribution checks to the investors or  
20 "business owners."

21 15. The investor agreements for the CTM and WTM business opportunity programs are  
22 almost identical, and include a Sales Agreement and a Services (sic) Agreement, offered as a package to  
23 all investors. Although the Sales Agreements present options for selecting services from several  
24 companies, World Cash Providers, Inc. was the recommended service company for the CTMs, and  
25 World Wireless Solutions, Inc. dba Wireless Express USA, Inc. ("Wireless") and World Electronic  
26 Payments Solutions, Inc. ("WEPS") were the recommended service companies for the WTM. Services

1 Agreements for only World Cash Providers, Inc. were included in the information packet BERGH  
2 provided to prospective CTM investors. Services Agreements for only Wireless were included in the  
3 information packet BERGH provided to prospective WTM investors. WEPS was the designated service  
4 company for transaction handling for all Wireless clients. All Arizona investors selected World Cash  
5 Providers, Inc. to service the CTMs, and Wireless and WEPS to service the WTM.

6 16. Although the offering documents for the CTM and WTM Programs describe options  
7 for different levels of managing the equipment, in practice, all investors selected the full-service  
8 option, which offers a revenue-sharing feature and a buy-back provision from the recommended service  
9 company. Under the full-service option, investors have no responsibilities with respect to the  
10 operation of their equipment beyond signing the service contracts, no financial obligations apart from  
11 the initial payment to purchase the units, no continuing financial obligation in the operation of their  
12 equipment, and no liability for any expenses or costs related to the operation of the equipment. At  
13 least one of the services offered to investors, i.e., transaction handling, requires special expertise. That  
14 function, purportedly handled by WEPS, involves processing transactions, and is the key to generating a  
15 profit for investors.

16 17. BERGH sold the CTM and WTM business opportunities to unsophisticated investors,  
17 including elderly and retired people, who had no experience in or knowledge of the cash terminal or  
18 wireless terminal businesses, who never intended to take possession of, or to manage, the equipment, and  
19 who did not even know where their equipment was located. Through written and oral statements,  
20 BERGH represented that these were passive investments.

21 18. According to written materials and oral statements made to investors, investors in the  
22 CTM and WTM Programs are supposed to receive a) minimum monthly revenue equivalent to 13% of  
23 their original investment generated from the operation of their equipment; b) a share of the monthly  
24 net profit on each machine in excess of the base monthly payment; c) a full return of their investment  
25 at the end of the five-year term because they have a right to sell the equipment back to the service  
26 company for the original amount of the investment, or renew the investment; and d) if the monthly

1 revenue from the operation of the machine falls below the base payment, the right to request that the  
2 service company repurchase the equipment for the original sales price or relocate the equipment to  
3 another location with the potential for a higher profit from sharing in increased revenue.

4 19. Under the CTM Equipment Sales Agreement, World Cash Providers, LLC represented to  
5 investors that the "Closing" of the transactions contemplated by the Equipment Sales Agreement, which  
6 included delivery of the CTMs and "Leased Site" assignments to the Purchaser or the Purchaser's Agent,  
7 would occur within 30 or 60 days of the receipt of the completed contracts and collected funds. If for any  
8 reason such Closing did not occur, then the Purchaser's payment was to be promptly returned to the  
9 Purchaser. World Cash Providers, Inc., who was agent for the investor pursuant to the Services  
10 Agreement, represented to investors that their monthly distribution payments would be based upon the  
11 equipment revenues collected by the service company. Many investors received monthly "revenue"  
12 distribution payments, although their equipment was never delivered or placed in service and generated  
13 no revenue. Those investors were never informed that their equipment was not delivered or placed in  
14 service, and their funds were not returned to them.

15 20. World Cash Providers, Inc. paid CTM investors monthly "revenue" distribution checks  
16 until around June 2000, when the payments stopped. Many CTM investors had received monthly  
17 revenue payments even though they were never notified of the location of their machines, and never  
18 received any accounting reflecting the actual revenue generated from the operation of their CTMs.

19 21. As of January 11, 2000, not a single WTM had been placed in service. Since April 2000,  
20 Wireless has paid and is continuing to pay WTM investors the promised base monthly payments  
21 although no revenue has been generated. The payments have been made from funds wire transferred to  
22 Wireless from Mobile Cash Systems, LLC ("Mobile Cash"), the company that sold the equipment to the  
23 investors. Investors were not informed that their monthly "profit" distributions were not generated  
24 from the operation of their machines, or that their machines were not yet in operation.

25 ...

26 ...

1           C.     Sales and Marketing Network for the "Business Opportunities."

2           22.     BERGH recruited sales agents from Arizona to promote and to sell the CTM and WTM  
3 business opportunity investment programs as agents of NFG ("NFG Agents").

4           23.     BERGH was paid commissions for the sales made by at least four NFG Agents, including  
5 Nelson. BERGH negotiated commission splits individually with his NFG Agents and paid them from  
6 his own account. BERGH's commissions for the sale of the CTM business opportunities was 13-15% of  
7 the investors' funds, and his commissions for the sale of the WTM business opportunities was 17% of  
8 investors' funds. BERGH decided what commissions to pay to each of his NFG Agents individually.

9           24.     BERGH scheduled sales meetings and training seminars for NFG Agents, to coach them  
10 on how to sell the investment programs, and provided NFG Agents offering materials and contracts.

11          25.     BERGH recommended these investments as more profitable than other investments, and  
12 encouraged investors to transfer funds from CDs, mutual funds, and/or annuities, for their financial  
13 betterment. BERGH and his NFG Agents recommended these investments to some clients who had  
14 obtained their investment funds from reverse mortgages on their homes. BERGH's wife, Robin Bergh,  
15 and her associate, Stacy Beehler, "reverse-mortgage specialists for Norwest Bank," had referred these  
16 clients to BERGH and NFG for financial advice concerning how to invest the funds they obtained from  
17 reverse mortgages on their homes in order to get monthly income for living expenses.

18          26.     From in or around January 1999 through March 2000, BERGH and his NFG Agents  
19 offered and sold the World Cash CTM business opportunities within and from Arizona to approximately  
20 20 investors who invested approximately \$1,067,000. The minimum investment, which was \$7,000 for  
21 two CTMs at \$3,500 each, increased in or around October 1999 to \$9,000 for two CTMs at \$4,500 each,  
22 for a five-year term.

23          27.     From in or around March 2000 through May 2000, BERGH and his NFG Agents  
24 offered and sold the Mobile Cash WTM business opportunities within and from Arizona to  
25 approximately seven investors who invested approximately \$195,000. The minimum investment was  
26 \$10,000 for two WTM's at \$5,000 each, for a five-year term.

1       28. From around January 1999 through around May 2000, in connection with the offer or sale  
2 of securities within or from Arizona, BERGH directly or indirectly made untrue statements of material  
3 fact or omitted to state material facts which were necessary in order to make the statements made not  
4 misleading in light of the circumstances under which they were made. BERGH's conduct includes, but  
5 is not limited to, the following:

6           a) BERGH misrepresented the safety of the CTM and WTM investments and failed to  
7 disclose risks, including the potential loss of investment funds.

8           b) BERGH misrepresented to CTM investors that their equipment would be delivered  
9 within 30 days of their completed contract. BERGH failed to disclose that many of the CTMs that  
10 were purchased were never delivered or placed in service.

11          c) BERGH represented that CTM investors were to receive monthly distributions from  
12 the revenue generated from the operation of their CTMs. In fact, however, monthly distributions  
13 were being paid to many investors for CTMs that were never placed in service for them.

14          d) BERGH represented that investors were to receive monthly distributions from the  
15 revenue generated from the operation of their WTMs. In fact, however, from April through  
16 December 2000, WIRELESS distributed monthly payments to investors although no equipment  
17 was placed in service for any investors.

18          e) BERGH failed to disclose to WTM investors that no WTMs had been placed in  
19 service, and that no revenue had been generated from the operation of these units.

20          f) BERGH failed to disclose to WTM investors that Wireless and WEPS, the service  
21 companies that were supposed to manage the equipment to generate revenue for the distributions,  
22 had not even begun service operations.

23          g) BERGH failed to disclose to investors that he was receiving sales commissions in the  
24 amount of 13-15% of investors' funds for the sale of the CTMs, and 17% for the sale of the WTMs.

25          h) BERGH failed to disclose any financial or background information about World  
26 Cash, Mobile Cash, Wireless, or WEPS, or their principals.



i) In particular, BERGH failed to disclose to investors who invested subsequent to the following events:

(1) That on February 8, 2000, the California DOC issued orders against World Cash to desist and refrain from the unlawful sale of securities involving the World Cash CTM business opportunities.

(2) That on March 24, 2000, BERGH signed a proposed Order and Consent, negotiated by BERGH with the Division, in which BERGH agreed to cease and desist from the offer or sale of unregistered securities and to pay penalties for the sale of securities, including investment contracts involving World Cash CTMs, membership interests in Hotel Connect LLCs, and pay telephones.

(3) That on April 14, 2000, the Commission entered the Order finding the business opportunities involving CMTs were unregistered securities, and ordering BERGH to Cease and Desist from the sale of unregistered securities, to pay penalties, and revoking BERGH's securities salesman's registration.

## II.

### CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. RESPONDENTS offered or sold securities within or from Arizona, within the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

3. RESPONDENTS violated A.R.S. § 44-1841 by offering or selling securities that were neither registered nor exempt from registration.

4. RESPONDENTS violated A.R.S. § 44-1842 by offering or selling securities while neither registered as dealers or salesmen nor exempt from registration.

5. RESPONDENTS violated A.R.S. § 44-1991(A)(2) by offering or selling securities within or from Arizona by making untrue statements or misleading omissions of material facts which

1 were necessary in order to make the statements made not misleading in light of the circumstances under  
2 which they were made.

3 6. RESPONDENTS' conduct is grounds for a cease and desist order pursuant to A.R.S. §  
4 44-2032.

5 7. RESPONDENTS' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-  
6 2032.

7 8. RESPONDENTS' conduct is grounds for administrative penalties under A.R.S. § 44-  
8 2036.

9 III.

10 ORDER

11 THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, and RESPONDENTS'  
12 consent to the entry of this Order, the Commission finds that the following relief is appropriate, in the  
13 public interest, and necessary for the protection of investors:

14 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS, their agents, employees,  
15 successors and assigns, permanently cease and desist from violating the Securities Act.

16 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS shall, jointly  
17 and severally with any other Respondents who are subject to Orders of the Commission, pay restitution  
18 to WTM investors shown on the records of the Commission in the amount of \$145,000 plus interest at  
19 the rate of 10% per annum from the date of each investment until paid in full. This amount is to be  
20 reduced by the amount of any distributions received on the security from any source, consistent with  
21 Rule R14-4-308. Payment shall be made by cashier's check or money order payable to the "State of  
22 Arizona" to be placed in an interest-bearing account maintained and controlled by the Arizona Attorney  
23 General. The Arizona Attorney General shall disburse the funds on a pro rata basis to investors. Any  
24 funds that the Attorney General is unable to disburse shall revert to the state of Arizona.

25 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS shall, jointly  
26 and severally with any other Respondents who are subject to Orders of the Commission, pay restitution

to CTM investors shown on the records of the Commission in the amount of \$963,000 plus interest at the rate of 10% per annum from the date of each investment until paid in full. This amount is to be reduced by the amount of any distributions received on the security from any source, consistent with Rule R14-4-308. Payment shall be made by cashier's check or money order payable to the "State of Arizona" to be placed in an interest-bearing account maintained and controlled by the Arizona Attorney General. The Arizona Attorney General shall disburse the funds on a pro rata basis to investors. Any funds that the Attorney General is unable to disburse shall revert to the state of Arizona.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENTS, jointly and severally, shall pay an administrative penalty in the amount of \$25,000. Payment shall be made in full by cashier's check or money order on the date of this Order, payable to the "State of Arizona." Any amount outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid in full.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

**BY ORDER OF THE ARIZONA CORPORATION COMMISSION**

  
CHAIRMAN

  
COMMISSIONER

  
COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 28<sup>th</sup> day of June, 2001.

  
BRIAN C. McNEIL  
Executive Secretary

DISSENT

This document is available in alternative formats by contacting Shelly M. Hood, ADA Coordinator, voice phone number 602-542-3931, E-mail [shood@cc.state.az.us](mailto:shood@cc.state.az.us).

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### CONSENT TO ENTRY OF ORDER

1. RESPONDENTS WILLIAM E. BERGH dba NATIONAL FINANCIAL GROUP and WORLD WIDE BUSINESS OPPORTUNITIES, LLC. (RESPONDENTS) admit the jurisdiction of the Commission over the subject matter of this proceeding. RESPONDENTS acknowledge that they have been fully advised of their right to a hearing to present evidence and call witnesses and RESPONDENTS knowingly and voluntarily waive any and all rights to a hearing before the Commission and all other rights otherwise available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code. RESPONDENTS acknowledge that this Order To Cease And Desist, Order for Administrative Penalties and Consent to Same ("Order") constitutes a valid final order of the Commission.

2. RESPONDENTS knowingly and voluntarily waive any right they may have under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or extraordinary relief resulting from the entry of this Order.

3. RESPONDENTS acknowledge and agree that this Order is entered into freely and voluntarily and that no promise was made or coercion used to induce such entry.

4. RESPONDENTS acknowledge that they have been represented by counsel in this matter, they have reviewed this Order with their attorney and understand all terms it contains.

5. RESPONDENTS admit only for purposes of this proceeding and any other proceedings before the Commission or any other agency of the State of Arizona the Findings of Fact and Conclusions of Law contained in this Order.

6. By consenting to the entry of this Order, RESPONDENTS agree not to take any action or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is without factual basis. RESPONDENTS will undertake steps necessary to assure that all of their agents and employees understand and comply with this agreement. Nothing in this provision affects RESPONDENTS'

1 testimonial obligations or right to take legal positions in litigation in which an administrative agency of  
2 the state of Arizona is not a party.

3 7. While this Order settles this administrative matter between RESPONDENTS and the  
4 Commission, RESPONDENTS understand that this Order does not preclude the Commission from  
5 instituting other administrative proceedings based on violations that are not addressed by this Order.

6 8. RESPONDENTS understands that this Order does not preclude the Commission from  
7 referring this matter to any governmental agency for administrative, civil, or criminal proceedings that  
8 may be related to the matters addressed by this Order.

9 9. RESPONDENTS understand that this Order does not preclude any other agency or  
10 officer of the state of Arizona or its subdivisions from instituting administrative, civil or criminal  
11 proceedings that may be related to matters addressed by this Order.

12 10. RESPONDENTS agree that they will not apply to the state of Arizona for registration as  
13 a securities dealer or salesman or for licensure as an investment adviser or investment adviser  
14 representative.

15 11. RESPONDENTS agree that they will not offer or sell, directly or indirectly, securities or  
16 provide investment advisory services, within or from Arizona.

17 12. RESPONDENTS agree that they will not exercise any control over any entity or person  
18 that offers or sells, directly or indirectly, securities or provides investment advisory services, within or  
19 from Arizona.

20 13. This agreement and Order shall be binding upon RESPONDENTS' agents, heirs,  
21 employees, assigns, representatives, beneficiaries or other successors in interest of any kind.

22 14. RESPONDENTS agree that until restitution and penalties are paid in full,  
23 RESPONDENTS will notify the Director of the Securities Division within 30 days of any change in  
24 home address or any change in RESPONDENTS' ability to pay amounts due under this Order.

25 15. RESPONDENTS understand that default shall render them liable to the Commission for  
26 its costs of collection and interest at the maximum legal rate.

16. RESPONDENTS agree that they will continue to cooperate with the Securities Division including, but not limited to, providing complete and accurate testimony at any hearing in this matter and cooperating with the state of Arizona in any related investigation or any other matters arising from the activities described in this Order.

17. RESPONDENTS consent to the entry of this Order and agree to be fully bound by its terms and conditions. If RESPONDENTS breach any provision of this Order, the Commission may vacate this Order and restore this case to its active docket.

18. WILLIAM E. BERGH represents that he is Managing Member of WWB and has been authorized by WWB to enter into this Order for and on behalf of it.

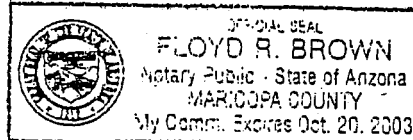
W E Bergh  
WILLIAM E. BERGH, individually and dba  
NATIONAL FINANCIAL GROUP

SUBSCRIBED AND SWORN TO BEFORE me this 29<sup>th</sup> day of MAY, 2001.

Floyd R. Brown  
NOTARY PUBLIC

My Commission Expires:

Oct. 20, 2003



WORLD WIDE BUSINESS OPPORTUNITIES, LLC

W E Bergh  
By: William E. Bergh, Managing Member

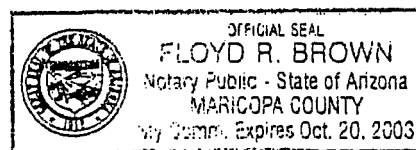
SUBSCRIBED AND SWORN TO BEFORE me this 29<sup>th</sup> day of MAY, 2001.

Floyd R. Brown  
NOTARY PUBLIC

My Commission Expires:

Oct. 20, 2003

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Decision No.

63851

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**SETTLEMENT AGREEMENT AND  
GENERAL RELEASE**

This SETTLEMENT AGREEMENT AND GENERAL RELEASE ("Settlement Agreement") is entered into by and between JENNINGS, STROUSS & SALMON, P.L.C., DOUGLAS DUNIPACE, and JANET DUNIPACE (collectively, "Defendants"), and the following individuals:

1. WILLIAM BERGH;
2. ROGER W. BROWN (William Bergh's Bankruptcy Trustee);
3. WALLACE BUTTERWORTH;
4. GARY CHRISTIAN;
5. CHARLES L. RILEY, JR. (Gary Christian's Bankruptcy Trustee);
6. RONALD GOBLE;
7. ROGER LANCETTE;
8. MARK MELKOWSKI; and
9. HYLAND STOKES.

These individuals will hereinafter be referred to as "the Bergh Parties." Defendants and the Bergh Parties are collectively referred to hereinafter as the "Parties." It is expressly agreed and understood that Messrs. Brown and Riley are entering into this Settlement Agreement solely in their capacities as Trustees for the bankruptcy estates of Mr. Bergh and Mr. Christian, respectively, and not in their personal or any other representative capacities.

WHEREAS, the Parties are engaged in litigation in an action pending in the Superior Court of Arizona in and for Maricopa County, captioned *William Bergh, et al. v Jennings, Strouss & Salmon, P.L.C., et al.*, Case No. CV2002-019445 (the "Lawsuit").

WHEREAS, after amendments, the Lawsuit alleged causes of action against Defendants for: (1) Negligence; (2) Breach of Fiduciary Duty; (3) Negligent Misrepresentation; (4) Negligent Supervision; and (5) Punitive Damages. Defendants deny any wrongdoing or liability to the Bergh Parties, whether for claims alleged against Defendants in the Lawsuit or otherwise.

WHEREAS, in order to avoid costly and time-consuming litigation, the Parties desire to enter into this Settlement Agreement in full settlement and discharge of all claims against Defendants which are or might have been the subject of the Lawsuit brought by the Bergh Parties, upon the terms and conditions set forth below.

THEREFORE, in consideration of the promises, agreements, and covenants hereinafter set forth, the Parties agree as follows:

1. The Parties covenant and agree that Defendants' agreement set forth below to pay the Bergh Parties, and the Bergh Parties' general release set forth below, are subject to the following conditions precedent: (1) approval by the United States Bankruptcy Court for the District of Arizona, in William Bergh's bankruptcy proceeding captioned *In re William Edward Bergh and Robin Lynn Bergh*, No. 2:01-bk-13256-SSC ("Bergh's Bankruptcy Proceeding") of the compromise of the claims in the Lawsuit owned by the Bergh bankruptcy estate (the "Bergh Bankruptcy Court Approval"); (2) approval by the United States Bankruptcy Court for the District of Arizona, in Gary Christian's bankruptcy proceeding captioned *In re Gary Lyle Christian and Roberta Jean Christian*, No. 2:05-bk-24086-SSC ("Christian's Bankruptcy Proceeding") of the compromise of the claims in the Lawsuit owned by the Christian bankruptcy estate (the "Christian Bankruptcy Court Approval"); and (3) approval of the terms set forth in this Settlement Agreement by the Arizona Corporation Commission and the Arizona Attorney General ("State Approval").

2. For and in consideration of the general release set forth below, and other good and valuable consideration, Defendants will collectively pay the Bergh Parties the total sum of Three Million Two Hundred Fifty Thousand Dollars (\$3,250,000.00) (the "Settlement Funds") within ten (10) days of the Bergh Bankruptcy Court Approval and the Christian Bankruptcy Court Approval, whichever is later, provided that State Approval occurs prior to, or within, that ten (10) day period. If State Approval does not occur prior to, or within, that ten (10) day period, the Defendants shall pay the Settlement Funds within three (3) days following State Approval. The Settlement Funds will be made payable as follows: Two Million Two Hundred Forty-One Thousand Four Hundred Thirty-Four Dollars (\$2,241,434.00) payable to Stinson Morrison Hecker Trust Account and One Million Eight Thousand Five Hundred Sixty-Six Dollars (\$1,008,566.00) payable jointly to Stinson Morrison Hecker Trust Account and Kevin. L. Beckwith, P.C.

3. In connection with the execution of this Settlement Agreement, the Parties agree to execute and file with the Court, within seven (7) days of Defendants' disbursement of the Settlement Funds, a stipulation and order of dismissal of the Lawsuit with prejudice. A copy of the Stipulation for Dismissal of the Lawsuit with Prejudice along with an accompanying Order is attached hereto as Exhibit A.

4. Each and every party to the Lawsuit will bear their own attorneys' fees, costs, and expenses.

5. The Bergh Parties, their respective affiliates, spouses, children, heirs, principals, subsidiaries, attorneys, officers, agents, employees, former employees, trustees, beneficiaries, servants, directors, future employees, partners, independent contractors, executors, successors and predecessors-in-interest, administrators, and assigns hereby, knowingly and voluntarily, forever waive, release and discharge Defendants and their affiliates, spouses, children, heirs, principals, subsidiaries, attorneys, officers, agents, employees, former employees, trustees, beneficiaries, servants, directors, future employees, partners, independent contractors, executors, successors and predecessors-in-interest, administrators, insurers and assigns of and from all claims, demands, actions, and causes of action, or causes of liability, rights, and offset rights, whether at law or in equity, whether known or unknown, asserted or unasserted, including without limitation any form of injunctive or equitable relief, any award of actual, consequential, incidental, liquidated or

other types or categories of damages, any award of punitive or exemplary damages, any claims for attorneys' fees or costs or expenses of litigation, and any other type of relief which the Bergh Parties have or may have as of the date of execution of this Settlement Agreement including, but not limited to, all claims arising out of or relating to the facts asserted in the Lawsuit.

6. The Bergh Parties acknowledge and agree that the waivers, releases and discharges in this Settlement Agreement are general releases of all existing claims, known or unknown, discovered or undiscovered. The Bergh Parties acknowledge and agree that they may hereafter discover claims, facts or causes of action presently unknown, unsuspected, or different from those that they now suspect or believe to be true. The Bergh Parties expressly waive and assume the risk of any and all claims or causes of action that exist as of this date, but of which they do not know or suspect to exist, whether through ignorance, oversight, error, negligence, or otherwise, and which, if known, could materially affect their decision to enter into this Settlement Agreement. The Bergh Parties expressly waive and assume the risk that the facts and/or law may be other than they believe them to be. The Bergh Parties further agree that they are accepting the consideration provided under this Settlement Agreement as a complete compromise of all matters involving disputed issues of law and fact. The Bergh Parties intend by the execution of this Settlement Agreement to fully, finally, and forever release all known and unknown claims against Defendants, notwithstanding the discovery or existence of any additional or different facts or claims at any time after they sign this Settlement Agreement.

7. This Settlement Agreement may be executed in one or more counterparts (including multiple signature pages), all of which shall be deemed to be one instrument. True and correct copies may be used in lieu of the original.

8. This Settlement Agreement shall be binding upon the heirs, legal representatives, successors and assigns of the Parties hereto and shall become binding and effective upon the full execution and delivery hereof.

9. The Parties expressly agree that the consideration specified in this Settlement Agreement is adequate.

10. This Settlement Agreement contains the entire agreement between the Parties and supersedes any prior agreements or understandings, written or oral, concerning the subject matter. No provision of this Settlement Agreement shall be amended, waived, or modified except by instrument in writing, signed by the Parties hereto.

11. The prevailing party(s) in any action to enforce this Settlement Agreement or for breach of this agreement shall be awarded its or their attorneys' fees, costs, and expenses.

12. In entering into this Settlement Agreement, all parties to the Lawsuit represent that they have relied upon the advice of their respective attorneys, who are the attorneys of their own choice, concerning the legal consequences of this Settlement Agreement; that the terms of this Settlement Agreement have been completely read and explained to all parties to the Lawsuit by their

respective attorneys; and that the terms of this Settlement Agreement are fully understood and voluntarily accepted by each and every party.

13. The Parties agree that no part of this Settlement Agreement shall be deemed an admission of liability or fault by any of the Parties. The Parties recognize that this Settlement Agreement constitutes a compromise of disputed claims by the respective parties, liability for which is expressly denied by the Parties.

14. This Settlement Agreement shall be governed in all respects, whether as to validity, construction, capacity, performance, or otherwise by the laws of the State of Arizona. If any provision of this Settlement Agreement is held by a competent jurisdiction to be invalid, void, or unenforceable for any reason whatsoever, the remaining provisions of this Settlement Agreement shall nonetheless continue in full force and effect without being impaired in any manner whatsoever.

15. In the event that any of the conditions precedent to Defendants' obligation to disburse the Settlement Funds, as set forth in paragraph 1 of this Settlement Agreement, have not been satisfied within six (6) months following the last date upon which any of the Parties executes this Settlement Agreement, then this Settlement Agreement and General Release shall become null and void and of no force and effect.

16. The Parties acknowledge that the Arizona Corporation Commission and the Arizona Attorney General are not parties to this Agreement and are not bound by its terms.

WILLIAM BERGH

By: 

5-8-06  
Date

ROGER W. BROWN (WILLIAM BERGH'S BANKRUPTCY TRUSTEE)

By: \_\_\_\_\_

\_\_\_\_\_  
Date

WALLACE BUTTERWORTH

By: \_\_\_\_\_

\_\_\_\_\_  
Date

GARY CHRISTIAN

respective attorneys; and that the terms of this Settlement Agreement are fully understood and voluntarily accepted by each and every party.

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WILLIAM BERGH

By: \_\_\_\_\_ Date \_\_\_\_\_

ROGER W. BROWN (WILLIAM BERGH'S BANKRUPTCY TRUSTEE)

By:  Date 5-8-06

WALLACE BUTTERWORTH

By: \_\_\_\_\_ Date \_\_\_\_\_

GARY CHRISTIAN

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WILLIAM BERGH

By: \_\_\_\_\_  
Date \_\_\_\_\_

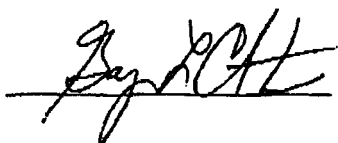
ROGER W. BROWN (WILLIAM BERGH'S BANKRUPTCY TRUSTEE)

By: \_\_\_\_\_  
Date \_\_\_\_\_

WALLACE BUTTERWORTH

By: Wallace Butterworth 5.5.06  
Date \_\_\_\_\_

GARY CHRISTIAN

By:  5-6-06  
Date

CHARLES L. RILEY, JR. (GARY CHRISTIAN'S BANKRUPTCY TRUSTEE)

By: \_\_\_\_\_  
Date

RONALD GOBLE

By: \_\_\_\_\_  
Date

ROGER LANCETTE

By: \_\_\_\_\_  
Date

MARK MELKOWSKI

By: \_\_\_\_\_  
Date

HYLAND STOKES

By: \_\_\_\_\_  
Date

JENNINGS, STROUSS & SALMON

By: \_\_\_\_\_  
Its: \_\_\_\_\_ Date

By: \_\_\_\_\_ Date \_\_\_\_\_

CHARLES L. RILEY, JR. (GARY CHRISTIAN'S BANKRUPTCY TRUSTEE)

By: Charles L. Riley, Jr. May 5, 2006  
Trustee Date

RONALD GOBLE

By: \_\_\_\_\_ Date \_\_\_\_\_

ROGER LANCETTE

By: \_\_\_\_\_ Date \_\_\_\_\_

MARK MELKOWSKI

By: \_\_\_\_\_ Date \_\_\_\_\_

HYLAND STOKES

By: \_\_\_\_\_ Date \_\_\_\_\_

JENNINGS, STROUSS & SALMON

By: \_\_\_\_\_ Date \_\_\_\_\_  
Its: \_\_\_\_\_



FROM :

FAX NO. : 6029480193

May. 08 2006 09:19AM P2

By: \_\_\_\_\_  
Date \_\_\_\_\_

CHARLES L. RILEY, JR. (GARY CHRISTIAN'S BANKRUPTCY TRUSTEE)

By: \_\_\_\_\_  
Date \_\_\_\_\_

RONALD GOBLE

By: *Ronald Goble* 5-8-06  
Date

ROGER LANCETTE

By: \_\_\_\_\_  
Date \_\_\_\_\_

MARK MELKOWSKI

By: \_\_\_\_\_  
Date \_\_\_\_\_

HYLAND STOKES

By: \_\_\_\_\_  
Date \_\_\_\_\_

JENNINGS, STROUSS & SALMON

By: \_\_\_\_\_  
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Date \_\_\_\_\_

By: \_\_\_\_\_  
Date

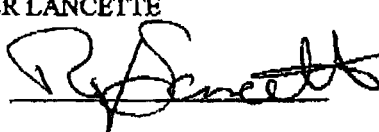
CHARLES L. RILEY, JR. (GARY CHRISTIAN'S BANKRUPTCY TRUSTEE)

By: \_\_\_\_\_  
Date

RONALD GOBLE

By: \_\_\_\_\_  
Date

ROGER LANCETTE

By:  5/5/06  
Date

MARK MELKOWSKI

By: \_\_\_\_\_  
Date

HYLAND STOKES

By: \_\_\_\_\_  
Date

JENNINGS, STROUSS & SALMON

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date

By: \_\_\_\_\_  
Date \_\_\_\_\_

CHARLES L. RILEY, JR. (GARY CHRISTIAN'S BANKRUPTCY TRUSTEE)

By: \_\_\_\_\_  
Date \_\_\_\_\_

RONALD GOBLE

By: \_\_\_\_\_  
Date \_\_\_\_\_

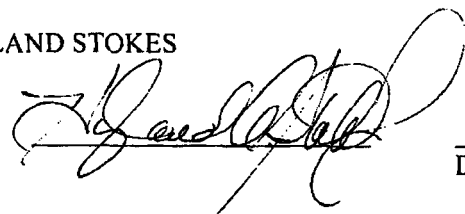
ROGER LANCETTE

By: \_\_\_\_\_  
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MARK MELKOWSKI

By:  \_\_\_\_\_  
Date 5/8/06

HYLAND STOKES

By:  \_\_\_\_\_  
Date 5/8/06

JENNINGS, STROUSS & SALMON

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date \_\_\_\_\_

By: \_\_\_\_\_  
Date

CHARLES L. RILEY, JR. (GARY CHRISTIAN'S BANKRUPTCY TRUSTEE)

By: \_\_\_\_\_  
Date

RONALD GOBLE

By: \_\_\_\_\_  
Date

ROGER LANCETTE

By: \_\_\_\_\_  
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MARK MELKOWSKI

By: \_\_\_\_\_  
Date

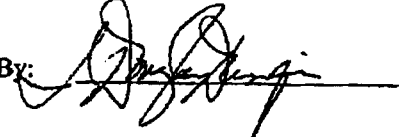
HYLAND STOKES

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Date

JENNINGS, STROUSS & SALMON

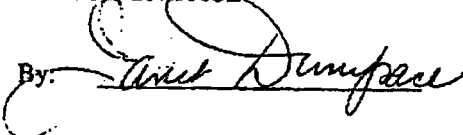
By: *John C. West*  
Its: MANAGING MEMBER Date 5-8-06

DOUGLAS DUNIPACE

By: 

May 7, 2006  
Date

JANET DUNIPACE

By: 

5/7/2006  
Date

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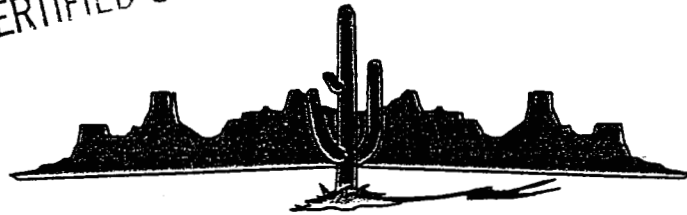
FILED

AUG 30 2002

MICHAEL K. JEANES, Clerk

By N. AVITA  
Deputy

CERTIFIED COPY



STATE OF ARIZONA  
CORPORATION COMMISSION

TJ2002-003769

To all to Whom these Presents shall Come Greeting:

I, BRIAN C. MCNEIL, EXECUTIVE SECRETARY OF THE ARIZONA CORPORATION COMMISSION, DO HEREBY CERTIFY THAT

The attached is a true, complete and correct copy of the ORDER TO CEASE AND DESIST, ORDER FOR RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES, AND FOR OTHER AFFIRMATIVE ACTION AGAINST RESPONDENTS HOTEL CONNECT LLC'S #100-1100, as issued by this Commission on September 18, 2001, in DOCKET NO. S-03444A-01-0000, IN THE MATTER OF:

Hotel Connect LLC's #100-1100  
Mark Alan Melkowski, Sr.  
Eagle Communications, Inc.  
Ronald Lee Goble  
Gary Lyle Christian  
Hyland A. Stokes  
Roger Lancette  
Wallace ButterWorth



IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THE ARIZONA CORPORATION COMMISSION, AT THE CAPITOL, IN THE CITY OF PHOENIX, THIS 23RD DAY OF November 2001 A.D.

A handwritten signature in black ink, appearing to read "Brian C. McNeil".  
EXECUTIVE SECRETARY

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

DOCKETED

SEP 18 2001

DOCKETED IN

VL

WILLIAM A. MUNDELL

Chairman

JIM IRVIN

Commissioner

MARC SPITZER

Commissioner

In the matter of:

HOTEL CONNECT LLC's #100-1100  
3649 West Beechwood Suite 103  
Fresno, CA 93711

MARK ALAN MELKOWSKI, SR.  
2173 East La Vieve Lane  
Tempe, AZ 85254

EAGLE COMMUNICATIONS, INC.  
4430 N. Civic Center Plaza #204  
Scottsdale, AZ 85251

RONALD LEE GOBLE, individually and dba  
SOUTHWEST TRUST & FINANCIAL  
6243 East Gelding Drive  
Scottsdale, AZ 85254

GARY LYLE CHRISTIAN, individually and dba  
CORNERSTONE SENIOR PLANNING  
7015 West Firebird Drive  
Glendale, AZ 85308

HYLAND A. STOKES, individually and dba  
ESTATE PLANNING PROTECTION  
5570 East Via Montoya Drive  
Phoenix, AZ 85054

ROGER LANCETTE, individually and dba  
NATIONAL ADVISORY SERVICES and  
SENIOR ADVISORY SERVICES  
6857 East Montreal Place  
Scottsdale, Arizona 85254

WALLACE BUTTERWORTH, individually and  
dba SENIOR ADVISORY SERVICES  
1411 East Orangewood Avenue #239  
Phoenix, AZ 85020  
CRD #728693

Respondents.

) Docket No. S-03444A-01-0000

) ORDER TO CEASE AND DESIST, ORDER  
) FOR RESTITUTION, ORDER  
) FOR ADMINISTRATIVE PENALTIES,  
) AND FOR OTHER AFFIRMATIVE ACTION  
) AGAINST RESPONDENTS HOTEL  
) CONNECT LLC'S #100-1100

) DECISION NO. 64041



## I.

## INTRODUCTION

1. On July 18, 2001, the Securities Division (the "Division") of the Arizona Corporation Commission (the "Commission") filed a Notice of Opportunity for Hearing Regarding Proposed Order to Cease and Desist, for Restitution, for Administrative Penalties, for Revocation, and for Other Affirmative Action (the "Notice") against, *inter alia*, HOTEL CONNECT LLC's #100-1100 (collectively "HOTEL CONNECT"), alleging violations of the Securities Act of Arizona (the "Act"). The Notice specified that HOTEL CONNECT would be afforded an opportunity for an administrative hearing upon written request filed with the Commission's Docket Control within ten (10) days after receipt of the Notice, in accordance with A.A.C. Rule R14-4-306(B).

2. On July 26, 2001, the Division served a copy of the Notice upon HOTEL CONNECT by personal service pursuant to A.R.S. § 44-1972 (D), as permitted by A.A.C. Rule R14-4-304(B), to the statutory agent of record, Corporation Trust Company of Nevada, 6100 Neil Road, Reno, Nevada 89511. See copy of Affidavit of Service attached hereto as Exhibit "A." Pursuant to A.A.C. Rule R14-4-306(B), a Respondent is permitted to request a hearing in writing within 10 business days after receipt of the Notice by Respondent. HOTEL CONNECT failed to request an administrative hearing.

## II.

## FINDINGS OF FACT

## A. Sales and Marketing Network for "Alternative" Investments.

3. HOTEL CONNECT is a series of Nevada limited liability companies, organized between June 5, 1998, and August 5, 1999. Their principal place of business is 3649 W. Beechwood Ave., Suite 103, Fresno, California, 93711. At all pertinent times, HOTEL CONNECT was purportedly in the business of acquiring, owning, and operating hotel telephone long distance and operator service systems.

4. In or around October 1998, Respondent Mark Alan Melkowski, Sr. and his company Respondent Eagle Communications, Inc. (collectively, "Melkowski") recruited several licensed

1 insurance salesmen to contract as sales agents for HOTEL CONNECT and World Cash Providers,  
2 LLC ("World Cash") to sell "alternative" investments to their clients. Melkowski acted as a  
3 managing sales agent for HOTEL CONNECT. Melkowski received commissions for the sale of the  
4 HOTEL CONNECT membership interests in the amount of 20% of the funds raised from investors.

5 5. HOTEL CONNECT provided joint sales conferences and training sessions for sales  
6 agents on how to sell the LLC membership interests and World Cash business opportunities  
7 programs.

8 6. In late 1998 or early 1999, top sales producers were rewarded for high volume sales  
9 with a "getaway" trip and seminar held in New Orleans. Several training sessions and seminars were  
10 held in Fresno, California through late 1999.

11 7. On February 8, 2000, the California Department of Corporations ("DOC") found  
12 that the World Cash business opportunities were securities sold in violation of California law, and  
13 ordered World Cash and some of its principals, managers and marketers to stop selling these  
14 business opportunities in California.

15 8. In February 2000, after the California DOC ordered World Cash to desist and refrain  
16 from further sales of business opportunities in California, Respondent sales agents stopped selling  
17 HOTEL CONNECT and World Cash products.

18 9. In or around March 2000, several sales agents attended a sales seminar held in Las  
19 Vegas, Nevada, to promote the sale of Mobile Cash Systems, LLC (Mobile Cash) business  
20 opportunities, a new program marketed by the same principals who offered the HOTEL CONNECT  
21 and the World Cash products.

22 10. Respondent sales agents solicited some of their investors through cold-calls and at  
23 seminars advertised to the general public, followed by visits to the investors' homes.

24 11. In some instances, Respondent sales agents went to investors' homes to sell them  
25 annuities, and then later represented to these investors that these "alternative" investments would  
26 be better investments for them because they could make a larger profit from these investments.

1 Respondent sales agents encouraged their insurance clients to sell their annuities to invest in these  
2 "alternative" investments. Some investors sustained penalties or termination charges upon the  
3 termination of their annuity contracts, and then, upon Respondent sales agents' recommendations,  
4 used the funds to purchase the "alternative" investments.

5 **B. Description of the Hotel Connect Offerings.**

6 12. From in or around October 1998 until February 2000, HOTEL CONNECT offered  
7 and sold within and from Arizona membership interests to approximately 110 investors, who  
8 invested approximately \$5,350,000. Investors were told that their funds would be used to operate a  
9 hotel long distance and operator service for the purpose of generating a profit for investors.

10 13. The minimum investment for one membership interest in HOTEL CONNECT was  
11 \$10,000, for a projected annualized average 17.6% return for the first five years. Investors were told  
12 by salesmen and in sales brochures that the investment provided the investor "high returns with  
13 minimal risk, good collateralization, and liquidity in case of emergency throughout his or her  
14 ownership," and that they could expect annual yields on their investments of 14% during year one,  
15 and up to 20% annual yields during year five.

16 14. While HOTEL CONNECT subscription documents provide specifically that the  
17 investments "will be sold only to accredited investors," in fact the investments were in many cases  
18 sold to investors who did not meet the definition of an accredited investor as that term is defined  
19 under federal law and adopted under the Securities Act.

20 15. HOTEL CONNECT did not fully disclose the risks of the investments in HOTEL  
21 CONNECT.

22 16. Investors in HOTEL CONNECT interests have not received their first annual  
23 return, as promised.

24 17. In connection with the offer or sale of securities within or from Arizona, HOTEL  
25 CONNECT directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made  
26 untrue statements of material fact or omitted to state material facts which were necessary in order to

1 make the statements made not misleading in light of the circumstances under which they were made;  
2 or (iii) engaged in transactions, practices or courses of business which operated or would operate as a  
3 fraud or deceit upon offerees and investors. HOTEL CONNECT'S conduct includes, but is not  
4 limited to, the following:

5 a) Misrepresenting the safety of these investments and/or failing to disclose specific  
6 risks.

7 b) Failing to disclose financial or background information about the issuers or  
8 their principals.

9 c) Failing to disclose to HOTEL CONNECT investors that there would be inter-  
10 company transfers of funds between HOTEL CONNECT and World Cash or other  
11 companies.

12 III.

13 CONCLUSIONS OF LAW

14 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
15 Arizona Constitution and the Securities Act.

16 2. HOTEL CONNECT offered or sold securities within or from Arizona, within the  
17 meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

18 3. HOTEL CONNECT violated A.R.S. § 44-1841 by offering or selling securities that  
19 were neither registered nor exempt from registration.

20 4. HOTEL CONNECT violated A.R.S. § 44-1842 by offering or selling securities  
21 while neither registered as dealers or salesmen nor exempt from registration.

22 5. HOTEL CONNECT violated A.R.S. § 44-1991 by offering or selling securities  
23 within or from Arizona by (i) employing a device, scheme or artifice to defraud, (ii) making untrue  
24 statements or misleading omissions of material facts, and (iii) engaging in transactions, practices or  
25 courses of business which operate or would operate as a fraud or deceit.

26 6. HOTEL CONNECT failed to request a hearing.

7. HOTEL CONNECTS' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

8. HOTEL CONNECTS' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

9. HOTEL CONNECTS' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

#### IV. ORDER

THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that HOTEL CONNECT, their agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that HOTEL CONNECT shall, jointly and severally with any other Respondents who are subject to Orders of the Commission, pay restitution to HOTEL CONNECT LLC membership interest investors shown on the records of the Commission in the amount of \$5,350,000, plus interest at the rate of 10% per annum from the date of each investment, until paid in full. If additional HOTEL CONNECT investors are later discovered, HOTEL CONNECT shall pay claims of those investors under the terms of this Order. Payment shall be made by cashier's check or money order payable to the "State of Arizona" to be placed in an interest-bearing account maintained and controlled by the Arizona Attorney General. The Arizona Attorney General shall disburse the funds on a pro rata basis to investors. Any funds that the Attorney General is unable to disburse shall revert to the state of Arizona.

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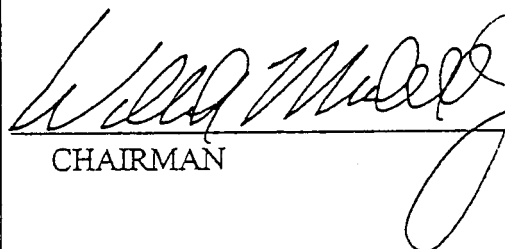
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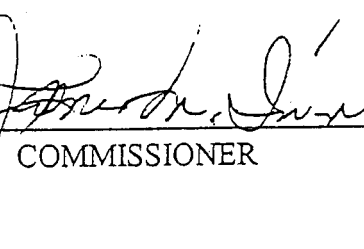
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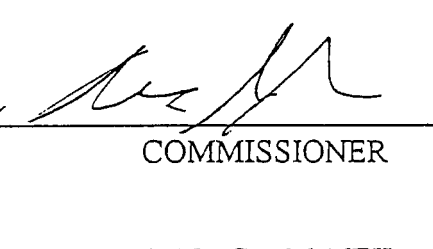
IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that HOTEL CONNECT shall pay administrative penalties in the amount of \$50,000. Payment shall be made in full by cashier's check or money order on the date of this Order, payable to the "State of Arizona." Any amount outstanding shall accrue interest at the rate of 10% per annum from the date of this Order until paid in full.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

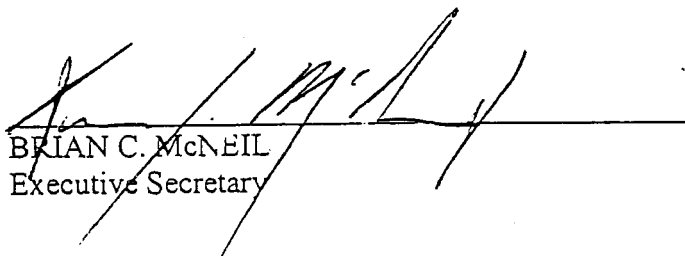
BY ORDER OF THE ARIZONA CORPORATION COMMISSION

  
CHAIRMAN

  
COMMISSIONER

  
COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 18th day of September, 2001.

  
BRIAN C. McNEIL  
Executive Secretary

DISSENT

This document is available in alternative formats by contacting Shelly M. Hood, ADA Coordinator, voice phone number 602-542-3931, E-mail [shood@cc.state.az.us](mailto:shood@cc.state.az.us).

PTJ

STATE OF NEVADA  
OFFICE OF THE SECRETARY OF STATE  
SECURITIES DIVISION  
1755 E. PLUMB LANE SUITE #231  
RENO, NV 89502  
(775) 688-1755

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AZ CORP COMMISSION  
DOCUMENT CONTROL

In the Matter of:

Hotel Connect LLC's 100-1100

AFFIDAVIT OF SERVICE OF

NOTICE OF OPPORTUNITY FOR  
HEARING REGARDING PROPOSED  
ORDER TO CEASE AND DESIST, FOR  
RESTITUTION, FOR ADMINISTRATIVE  
PENALTIES, FOR REVOCATION, AND  
FOR OTHER AFFIRMATIVE ACTION

Respondent(s).

DOCKET NO. S-03444A-01-0000

State of Nevada }  
County of Washoe } ss.

I, SCOTT R. BALDER, being first duly sworn, depose and say:

1. That on the 25<sup>th</sup> day of JULY, 2001, I received the above referenced document in the above-referenced matter.

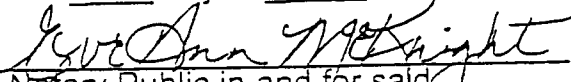
2. That on the 26<sup>th</sup> day of JULY, 2001, I served a true and correct copy of said document, by personal service, on Faye Martin located at: Corporation Trust Company of Nevada, 6100 Neil Road, Reno Nevada 89511 Resident Agent for Hotel Connect L.L.C. 100-1100.

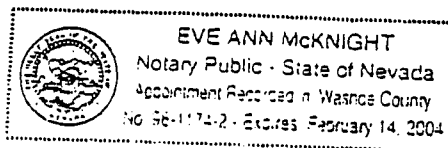
DATED this 26<sup>th</sup> day of JULY, 2001.



SCOTT R. BALDER

Subscribed and sworn to before me  
By: SCOTT R. BALDER  
this 26th day of JULY, 2001.

  
Notary Public in and for said  
County and State



Decision No. 64041  
EXHIBIT A